Organization of the Petroleum Exporting Countries

OPEC Monthly Oil Market Report

11 May 2021

Feature article:
Non-OPEC oil supply development

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Oil Market Highlights

Crude Oil Price Movements

Spot crude prices fell in April for the first time in six months, with North Sea Dated and WTI easing m-o-m by 1.7% and 1%, respectively. Similarly, the OPEC Reference Basket price declined $1.32, or 2.0%, in April, to settle at $63.24/b. However, year-to-date, the ORB was 41.6%, or $17.91, higher than the same period in 2020 at $60.97/b. Crude oil futures prices fell on both sides of the Atlantic, with the ICE Brent front month down 37¢, or 0.6%, to average $65.33/b, and NYMEX WTI front month fell by 65¢, or 1.0%, to average $61.70/b. Consequently, the Brent-WTI spread widened in April to an average of $3.62/b. The backwardation structure of all three major oil futures benchmarks lessened across the month. Hedge funds and other money managers slightly raised long positions in crude, recovering part of their net long positions from the sell-off seen in March, with gains concentrated mainly in Brent.

World Economy

Stimulus measures in the US and accelerating recovery in Asian economies are expected to continue supporting the global economic growth forecast for 2021, now revised up by 0.1 pp to reach 5.5% y-o-y. This comes after a 3.5% y-o-y contraction estimated for the global economy in 2020. However, global economic growth for 2021 remains clouded by uncertainties including, but not limited to, the spread of COVID-19 variants and the speed of the global vaccine rollout. In addition, sovereign debt levels in many regions, inflationary pressures and central bank responses are key factors to monitor. After a contraction of 3.5% in 2020, US economic growth in 2021 is now expected to reach 6.2%. The economic growth forecast for the Euro-zone in 2021 is lowered to stand at 4.2%, following a contraction of 6.8% last year. Similarly, Japan's economic growth forecast is lowered to 3.0% for 2021, following a contraction of 4.9% in 2020. After growth of 2.3% in 2020, China's economic growth forecast in 2021 is revised up to 8.5%. Given the ongoing COVID-19 related challenges, India's 2021 economic growth forecast is revised slightly down to 9.7%, compared to a contraction of 7.0% in 2020. Brazil's growth forecast for 2021 remains unchanged at 3.0%, after a contraction of 4.1% in 2020. Russia's economic growth forecast for 2021 remains at 3.0%, after contracting by 3.1% in 2020.

World Oil Demand

World oil demand is assumed to have dropped by 9.5 mb/d in 2020, unchanged from last month's assessment, now estimated to have reached 90.5 mb/d for the year. For 2021, world oil demand is expected to increase by 6.0 mb/d, unchanged from last month's estimate, to average 96.5 mb/d. Slower than anticipated demand in OECD Americas during 1Q21, together with the resurgence of COVID-19 cases in India and Brazil, caused the 1H21 oil demand data to be revised downwards. However, positive transportation fuel data from the US, and acceleration in vaccination programmes in many regions provides further optimism in 2H21. The assumed return to some degree of normality and improved mobility is also expected to positively affect regions such as the Middle East and Other Asia in 2H21.

World Oil Supply

Non-OPEC liquids supply in 2020 is estimated to average 62.9 mb/d, a contraction of 2.5 mb/d y-o-y. Non-OPEC liquids supply for 2021 is revised down by 0.2 mb/d from last month's assessment, and is forecast to grow by 0.7 mb/d to average 63.6 mb/d. This mainly due to the US liquids production outage of 2.2 mb/d seen in February, following the winter storms and freeze. Moreover, the supply forecast in Norway and Canada was also revised down, due to extensive seasonal maintenance. The main drivers for supply growth in 2021 are anticipated to be Canada, Brazil, China, and Norway, while US liquid supply is expected to decline by 0.1 mb/d y-o-y. OPEC NGLs are forecast to grow by around 0.1 mb/d y-o-y in 2021 to average 5.2 mb/d, following an estimated contraction of 0.1 mb/d in 2020. OPEC crude oil production in April increased m-o-m by 0.03 mb/d, to average 25.08 mb/d, according to secondary sources.

Product Markets and Refining Operations

Refinery margins in April further extended the trends witnessed in March, with positive performance seen in the Atlantic Basin. In the US Gulf Coast (USGC), margins rose slightly, but in Europe margins increased more markedly with most of the strength derived from the gasoline and jet/kerosene segments as transportation fuel markets in both regions continued to benefit from the heavy turnarounds registered the previous month. This contributed to product tightness and hence supported prices. In contrast, margins in Asia performed negatively as refining economics exhibited losses with pressure coming mainly from the bottom of the barrel as the region remained well supplied and amid demand-side weakness resulting from rising COVID-19 cases in India.

Tanker Market

Dirty tanker rates declined in April, as the improvement seen last month in the Suezmax and Aframax classes proved temporary and VLCCs rates moved sideways. Rates fell as gains in the Atlantic Basin triggered by the fallout from the February freeze in the USGC subsided. Clean rates rose across the board, except on the North West Europe-to-US East Coast route where rates fell back from the relatively strong levels seen in the prior two months. Dirty tanker rates are not expected to pick up until 2H21 or even 2022, with the latter date more likely. In contrast, the outlook for clean rates is slightly more positive.

Crude and Refined Products Trade

US crude imports rose 0.2 mb/d in April to reach 6.0 mb/d, the highest in 10 months. US crude exports declined to the lowest since December 2018, averaging 2.6 mb/d. US product imports remained near a 19-month high while product exports rose to the highest since the February freeze disrupted USGC refineries. Japan's crude imports declined in March after three months of healthy levels, as winter heating demand dissipated. Product imports dropped back from a three-year high, averaging 1.1 mb/d. In China, crude imports remained near a four-month high in March, averaging 11.7 mb/d, while product exports continued moving higher, reaching a ten-month high of 1.7 mb/d, driven by a strong performance of gasoil and jet. India's crude imports fell to a five-month low in March, averaging 4.3 mb/d. India's product imports slipped further, while product exports jumped 32% m-o-m, driven by strong outflows of gasoil.

Commercial Stock Movements

Preliminary data shows total OECD commercial oil stocks increased by 10.0 mb, m-o-m, in March. At 2,987 mb, they were 13.5 mb higher than the same time a year ago, 37.8 mb above the latest five-year average and 73.0 mb above the 2015–2019 average. Within the components, crude and products stocks rose m-o-m by 6.7 mb and 3.3 mb, respectively. With this, OECD commercial crude stocks stood at 3.4 mb above the latest five-year average and 16 mb above the 2015–2019 average, while product stocks exhibited a surplus of 34.4 mb above the latest five-year average and were 57.0 mb above the 2015-2019 average. In terms of days of forward cover, OECD commercial inventories declined m-o-m by 0.6 days in March to stand at 67.4 days. This is 11.7 days lower than the year-ago level, 1.5 days above the latest five-year average, and 5.1 days above the 2015–2019 average.

Balance of Supply and Demand

Demand for OPEC crude in 2020 remained unchanged from the previous month's assessment at 22.5 mb/d. This is around 6.8 mb/d lower than in 2019. For 2021, demand for OPEC crude was revised up by 0.2 mb/d from the previous month's assessment to stand at 27.7 mb/d. This is 5.2 mb/d higher than in 2020.

Feature Article

Non-OPEC oil supply development

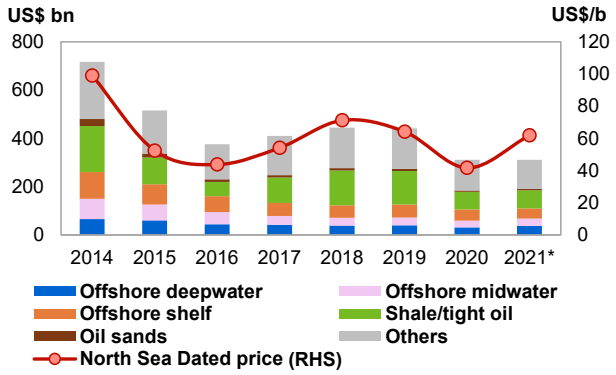
The year 2020 saw a sudden and unprecedented decline in oil demand due to the outbreak of the COVID-19 pandemic, which necessitated oil producing countries around the world to voluntarily shut in, or adjust, oil production in an effort to safeguard the market balance. Consequently, global liquids supply fell by 6.4 mb/d, y-o-y, in 2020 with non-OPEC supply declining by 2.5 mb/d, following growth of 2.1 mb/d in 2019.

US liquids production in 2020 fell by 0.8 mb/d, compared to growth of 1.7 mb/d in 2019, mainly through the voluntary temporary shut in of wells. US tight oil production declined by 443 tb/d in 2020, which is 0.1 mb/d more than the 350 tb/d decline witnessed in 2016. However, it is worth noting that production in the Permian managed to register an increase of 0.1 mb/d, y-o-y, indicating that some US tight crude production may have become more resilient to a lower oil price environment.

In addition to the considerable production adjustments from non-OPEC countries participating in the Declaration of Cooperation (DoC), cumulative curtailments in Canada's production in March-June 2020 averaged around 1.8 mb/d. Colombia and the UK have also contributed to the production declines in 2020. However, cumulative supply growth by 0.5 mb/d in 2020 came from Norway, Brazil, China and Guyana.

With this, E&P oil and gas investment in non-OPEC countries dropped in 2020 to the lowest level seen in the last 15 years at US$311 bn, and is expected to remain unchanged in 2021. This compares to a high level of US$718 bn seen in 2014.

Graph 1: Non-OPEC investment in oil & gas vs crude price

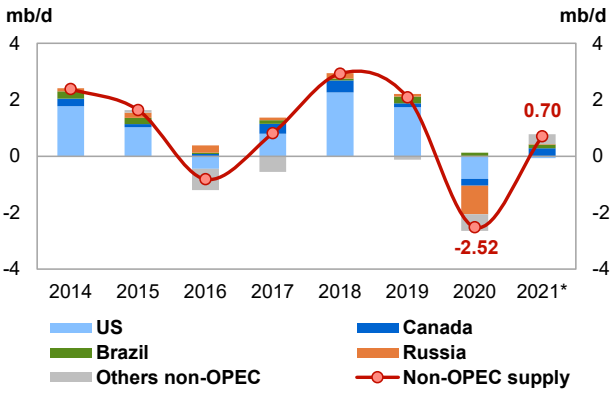


*Note: * 2021 = Forecast; North Sea Dated = Jan 21-Apr 21 average.*
Sources: Argus, OPEC and Rystad Energy.

In response to investor demands to raise free cash flow, US independent oil companies had already begun to reduce spending in 2H19. With the onset of the demand destruction due to the COVID-19 pandemic, US producers also throttled drilling and completion, as well as field servicing, and embarked on M&A activity to shore up balance sheets. The subsequent steady oil price recovery since 2Q20 has led to the US oil rig count rebounding to 342 units in the week to 30 April 2021, nearly double the August 2020 low. Moreover, US core oil identified frac operations indicate m-o-m increases in fracked wells since the low in May 2020except for December and February due to seasonal bad weather. This incremental boost in activity has the potential to nudge 2021 capex levels higher, especially if the current price level continues until the end of the year. This will mean a larger operational well inventory going into 2022.

For 2021 in the OECD, US liquids output is expected to drop by 0.1 mb/d, due to outages in the amount of 2.2 mb/d in February, on the back of the unexpected arctic freeze in Texas. US crude oil production is expected to decline by 0.3 mb/d, y-o-y, while NGLs and biofuels are forecast to increase. Elsewhere in North America, Canadian oil production, particularly Alberta's bitumen and synthetic crude, is forecast to grow by 0.3 mb/d in 2021. Production growth in the North Sea and OECD Europe countries is projected to be less than 0.1 mb/d, mainly coming from Norway.

Graph 2: Non-OPEC supply changes by selected country



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

In the non-OECD, Latin America remains the key driver supply growth, with a y-o-y growth forecast of 0.2 mb/d. This is mainly from one large project – Sepia, located in the pre-salt horizon in offshore Brazil – which is estimated to come online in 2H21.

With this, non-OPEC liquids supply in 2021 is forecast to grow y-o-y by 0.7 mb/d, to average 63.6 mb/d, although uncertainties persist particularly with regard to levels of investment which is expected to determine the non-OPEC supply outlook for the years to come. Nevertheless, OPEC and non-OPEC countries participating in the DoC will continue to closely monitor these developments to ensure a secure and stable oil supply for the benefit of consumers and producers alike.

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Crude Oil Price Movements

Spot crude prices averaged lower in April for the first time in six months. North Sea Dated and WTI fell 1.7% and 1.0%, respectively, m-o-m. Spot prices softened on less supportive sentiment in the crude futures market amid the resurgence of COVID-19 infections in several countries, which raised concerns about slowing near-term crude demand.

The OPEC Reference Basket (ORB) price declined $1.32, or 2.0%, m-o-m in April, but remained near its highest level since January 2020 at $63.24/b. All ORB components' values decreased over the month alongside their perspective crude oil benchmarks. Year-to-date (y-t-d), the ORB value in April was 41.6%, or $17.91, higher than the same period of 2020 at $60.97/b.

After five consecutive months of solid gains, crude oil futures prices fell in a volatile month of April, undermined by uncertain oil demand outlooks due to rising COVID-19 cases in several parts of the world, particularly India, Latin America and Japan, that weighed heavily on market sentiment. Nonetheless, robust economic data from the US and China, and improving vaccination rollouts in the US, UK, and some European countries, limited price losses. On a month-on-month (m-o-m) basis, the ICE Brent front month fell by 37¢, or 0.6%, in April to average $65.33/b, and NYMEX WTI decreased by 65¢, or 1.0%, to average $61.70/b. ICE Brent was $17.48 higher y-t-d, or 39.0%, at $62.32/b, while NYMEX WTI was $20.63 higher, or 53.7%, at $59.05/b, compared to the same period a year earlier. DME Oman crude oil futures prices fell in April by $1.11 m-o-m, or 1.7%, to settle at $63.27/b. Y-t-d, DME Oman was higher by $17.29, or 39.4%, at $61.14/b.

Hedge funds and other money managers slightly raised their net-long positions in crude during April, recovering part of their net long positions from the sell-off in March, which was mainly concentrated in Brent. However, money managers showed some cautiousness regarding their positioning in crude, as the resurgence in global COVID-19 infections weighed on investor confidence.

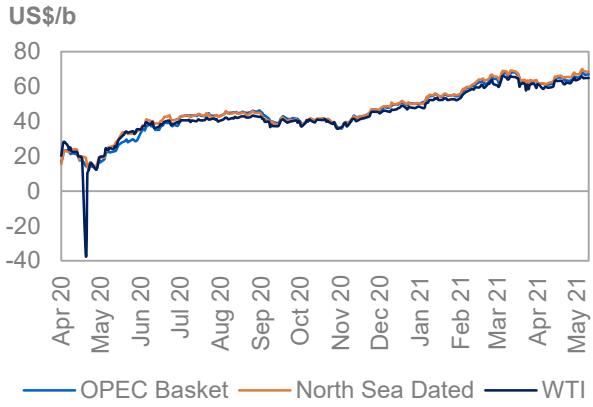
The market structure of all three major crude futures benchmarks remained in sustained backwardation. However, lower seasonal crude demand, the deteriorating COVID-19 situation in several countries, and the expectation of higher supplies in coming months lessened the backwardation in the key markets.

The sweet/sour crude differentials recorded different trends in key markets in April. While the spread continued widening in Europe, it narrowed in the US Gulf Coast (USGC) and remained almost unchanged in Asia on a monthly average. The good performance of light distillate products in key markets, specifically gasoline, compared to heavier distillates was offset by the high availability of light sweet crude.

Crude spot prices

Spot crude prices averaged lower in April for the first time in six months, with North Sea Dated and WTI falling 1.7% and 1.0%, respectively, m-o-m, though they remained at high levels not seen in more than a year. Spot prices softened on less supportive sentiment in the crude futures market as COVID-19 infections surged in several countries, which raised concerns about slowing near-term crude demand, and added to subdued crude demand from Europe and some Asian refiners due to refinery maintenance season. Extended lockdowns in Europe in April, a sharp increase in COVID-19 cases in India and several other parts of the world, as well as a decline in land mobility added concerns about potential reductions in refinery throughputs and weaker demand for road transportation fuels.

Graph 1 - 1: Crude oil price movement



Sources: Argus, OPEC and Platts.

Furthermore, spot prices and crude differentials were under pressure in April on a well-supplied crude market and an overhang of unsold cargoes for April and May loadings, specifically in the Atlantic Basin. Lower

production from Libya and the declaration of force majeure at the Marsa El-Hariga terminal had a limited impact on prices as the market was well supplied.

Dubai prices also fell in April by 2.3% m-o-m, more than other key benchmarks, as buying interest from Asian refiners lessened in the second half of the month, with market participants expecting higher supplies in the Middle East in the coming months.

The light sweet crude value in the Atlantic Basin continued to trade at multi-month lows in April as sellers struggled to place their cargoes for loading in April and May, amid a lack of buying interest from Europe, while an unfavourable west-to-east arbitrage and lower buying interest from China added additional downward pressure. A high value of Brent compared to Dubai made the Brent-related grades less attractive for Asian refiners.

On a monthly average, West African crudes tumbled further last month. Crude differentials of Bonny Light, Forcados and Qua Iboe moved into deeper discount against the Brent benchmark, falling on a monthly average to discounts of 88¢/b, 70¢/b and $1.06/b, respectively, their lowest since May 2020. In the Mediterranean, the same downward trends were recorded, with the flagship Kazakh crude oil CPC Blend differential dipping in April to a discount of $2.61/b on a monthly average, and a discount of $3/b in late April on daily basis. The sweeter grade, Saharan Blend, also was assessed at a discount of 98¢/b during the same period, unchanged m-o-m. Crude differentials of medium and heavy sweet crude Cabinda fell further in April by 34¢ on average, to a discount of 47¢/b.

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

			Change		Year-to-date	
	Mar 21	Apr 21	Apr/Mar	%	2020	2021
OPEC Reference Basket	**64.56**	**63.24**	**-1.32**	**-2.0**	**43.06**	**60.97**
Arab Light	65.20	64.09	-1.11	-1.7	44.32	61.56
Basrah Light	65.17	63.48	-1.69	-2.6	42.22	61.37
Bonny Light	65.57	64.17	-1.40	-2.1	43.14	61.91
Djeno	58.11	57.01	-1.10	-1.9	39.56	54.47
Es Sider	63.56	62.11	-1.45	-2.3	41.33	60.05
Girassol	66.04	64.00	-2.04	-3.1	42.43	62.37
Iran Heavy	64.30	63.00	-1.30	-2.0	41.37	60.75
Kuwait Export	64.86	63.75	-1.11	-1.7	43.35	61.35
Merey	46.47	46.16	-0.31	-0.7	29.51	43.38
Murban	64.33	63.35	-0.98	-1.5	45.66	61.05
Rabi Light	65.10	64.00	-1.10	-1.7	39.36	61.46
Sahara Blend	65.76	64.01	-1.75	-2.7	43.60	61.98
Zafiro	65.99	64.75	-1.24	-1.9	41.56	62.24
Other Crudes						
North Sea Dated	65.56	64.46	-1.10	-1.7	42.31	61.92
Dubai	64.40	62.92	-1.48	-2.3	43.37	60.88
Isthmus	61.88	60.94	-0.94	-1.5	33.78	58.60
LLS	64.53	63.73	-0.80	-1.2	41.02	61.09
Mars	62.64	61.97	-0.67	-1.1	38.84	59.42
Minas	63.63	62.86	-0.77	-1.2	43.01	60.00
Urals	64.29	63.02	-1.27	-2.0	40.98	61.06
WTI	62.35	61.71	-0.64	-1.0	38.62	58.97
Differentials						
North Sea Dated/WTI	3.21	2.75	-0.46	-	3.69	2.94
North Sea Dated/LLS	1.03	0.73	-0.30	-	1.29	0.83
North Sea Dated/Dubai	1.16	1.54	0.38	-	-1.06	1.03

Sources: Argus, Direct Communication, OPEC and Platts.

In the North Sea, crude differentials also continued to decline in April despite reduced supplies of the five North Sea crude oil grades, which underpinned the North Sea Brent benchmark in May and June. According to Reuters, loading programmes of Brent, Forties, Oseberg, Ekofisk and Troll will average about 600 kb/d in June, down from an already low level in May of about 638 kb/d. Forties and Ekofisk crude differentials fell by 27¢ and

33¢, respectively, on a monthly average in April to settle at a premium of 41¢/b and 6¢/b. In the USGC, Light Louisiana Sweet (LLS) and Mars crude differentials also eased despite a recovery in US refining throughputs, falling by 16¢ and 2¢ m-o-m, respectively, to a premium of 2.02¢/b and 26¢/b on average in April.

In the Middle East, the sour crude market was firm in most of April, buoyed by healthy demand from Asian refiners, particularly from independents in China, which supported spot prices. By the end of the month, spot values came under pressure as demand from Asian refiners lessened after refiners satisfied their requirements, while worries about lower demand from India due to the COVID-19 situation added downward pressure. M-o-m, the value of the Oman crude differential was little changed, increasing by 5¢ in April to $1.24/b, while the Upper Zakum crude differential fell by 18¢ to a discount of 16¢/b during the same period.

OPEC Reference Basket (ORB)

The **ORB** declined $1.32, or 2.0%, m-o-m in April, but remained near its highest level since January 2020 at $63.24/b. All ORB components' values decreased over the month alongside their respective crude oil benchmarks, with lighter grades slipping the most. Sour components fell less than the Dubai benchmark as the decline of these components was partly offset by higher official selling prices (OSP) towards the Asian market. The sweeter components fell more than Brent on lower OSPs and crude differentials. Y-t-d, the ORB value in April was 41.6%, or $17.91, higher than the same period in 2020 at $60.97/b. West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend and Zafiro – fell $1.44 in April, or 2.2% m-o-m on average, to $62.86/b. The multiple regions' destination grades – Arab Light, Basrah Light, Iran Heavy and Kuwait Export – decreased by $1.30, or 2.0% m-o-m on average, to settle at $63.58/b. Murban crude declined by 98¢, or 1.5% m-o-m on average, to settle at $63.35/b, while the Merey component fell by 31¢, or 0.7% m-o-m on average, to settle at 46.16/b.

The oil futures market

After five consecutive months of solid gains, **crude oil futures prices** eased in a volatile month of April, undermined by uncertain oil demand outlooks due to the COVID-19 resurgence in several parts of the world with different timing intervals. Investors were sensitive to pandemic developments and to economic indicators. On a monthly average, ICE Brent and NYMEX WTI first month fell 0.6% and 1.0%, respectively. In the first half of April, oil prices remained trading at the low levels registered in late Mach and came under further pressure after lockdown measures and mobility restrictions were extended in some European countries following the fast spread of the third wave of COVID-19 and as the infection rates and hospitalizations remained at high levels. Meantime, the virus spread continued in other parts of the world, particularly in India, Latin America and Japan, which heavily weighed on market sentiment. Slow global vaccination rates and vaccine issues in terms of distribution and side-effects also added to concerns. In the second half of April, the pandemic situation worsened in India, the third-largest oil consumer, and daily infections rose to record levels. The surge in infections raised concerns about the impact on oil demand and potential stricter and longer mobility restrictions and lockdowns. Moreover, April data showed a significant decline in land mobility in India. On the supply side, investors were also assessing the prospect of a rising oil supply from the participating producing countries in the (DoC) in the coming months.

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

			Change		*Year-to-date*	
	Mar 21	Apr 21	Apr/Mar	%	2020	2021
Future crude						
NYMEX WTI	62.36	61.70	-0.65	-1.0	38.42	59.05
ICE Brent	65.70	65.33	-0.37	-0.6	44.84	62.32
DME Oman	64.39	63.27	-1.11	-1.7	43.85	61.14
Spread						
ICE Brent-NYMEX WTI	3.34	3.62	0.28	8.4	6.42	3.27

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

However, the oil price decline was limited as prices recouped part of their losses in the second part of April, buoyed by solid economic data from the US and China, the world's two largest economies, and from Europe. Along with signs of oil demand recovery in the US and Europe, the positive economic developments offset concerns about the deteriorating COVID-19 situation in India and other countries. Authorities in the US and Europe planned a gradual lifting of lockdown measures, which stoked optimism about the consolidation of the

oil demand recovery and strengthened the demand outlook for the coming summer holidays season. The progress on vaccinations in the US, UK and some European countries added optimism. Market sentiment was bolstered after the International Monetary Fund (IMF) upgraded it projection for global economic growth in 2021 to 6%, and both OPEC and the International Energy Agency (IEA) April monthly reports showed upward revisions of global oil demand outlooks, by 0.19 mb/d and 0.23 mb/d respectively.

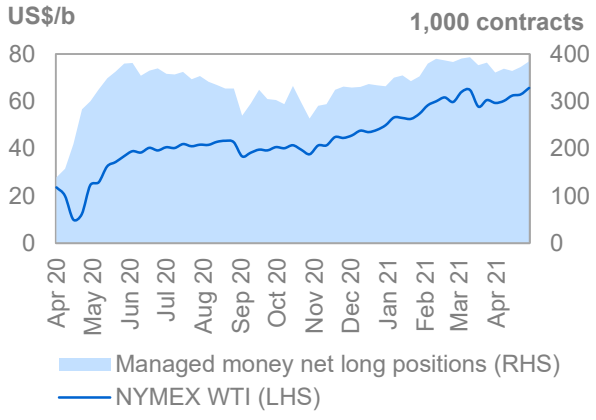
The **ICE Brent** front month fell by 37¢, or 0.6% m-o-m, in April to average $65.33/b, and **NYMEX WTI** decreased by 65¢, or 1.0% m-o-m, to average $61.70/b. ICE Brent was $17.48 higher y-t-d, or 39.0%, at $62.32/b, while NYMEX WTI was $20.63 higher, or 53.7%, at $59.05/b, compared with the same period a year earlier. **DME Oman** crude oil futures prices fell in April by $1.11 m-o-m, or 1.7%, to settle at $63.27/b. Y-t-d, DME Oman was higher by $17.29, or 39.4%, at $61.14/b.

On 10 May, ICE Brent stood at $68.32/b and NYMEX WTI at $64.92/b.

The **ICE Brent/NYMEX WTI spread** widened further in April to average $3.62/b, its highest level since May 2020. The ICE Brent value continued to be supported by optimism about the global economic and oil demand recovery, while NYMEX WTI prices remained capped by elevated levels of US crude oil stocks, although they declined in April. The ICE Brent/NYMEX WTI spread widened 28¢ on average in April to $3.62/b. However, the spread between the value of North Sea Dated and WTI Houston narrowed in April by 21¢/b on average to $1.85/b, compared with $2.06/b in March. The value of North Sea Dated and Brent-related crudes were under pressure in April amid an overhang of unsold cargo for April and May loading, subdued demand from Europe and unfavourable arbitrage to the east. Meanwhile, the value of WTI in the USGC found support from improving domestic crude demand as US refineries increased runs, and the weekly US per cent utilization of refinery operable capacity rose to 85.4% in the week to 28 April, the highest since March 2020. Meanwhile, US crude oil exports remained low in the first three weeks of April, averaging about 2.6 mb/d, compared to about 3.1 mb/d in January, according to EIA weekly data.

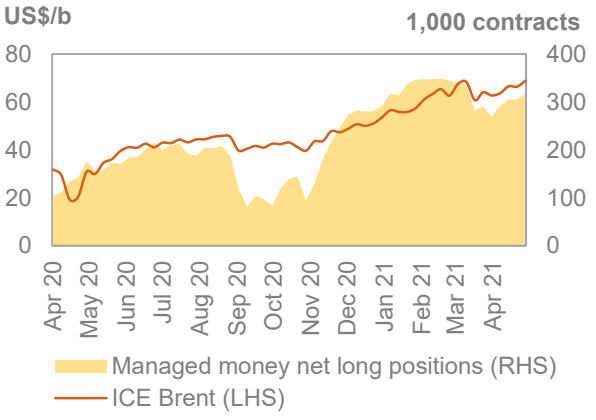
Hedge funds and other money managers raised slightly their net-long positions in crude in April, recovering part of their net long positions from the sell-off in March, which was concentrated in Brent. However, money managers showed some cautiousness regarding their positioning in crude as surging COVID-19 infections in several parts of the world raised concerns about global oil demand and weighed on investor confidence. By late April, combined futures and options net long positions linked to ICE Brent and NYMEX WTI were still 8.1%, or 60,047 contracts lower compared to the level reached in mid-February 2021 at 677,377 contracts. Between the weeks ending on 6 and 27 April, money managers were net buyers of about 47 mb in both ICE Brent and NYMEX WTI.

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.

Between the weeks ending on 30 March and 27 April, combined futures and options net long positions linked to ICE Brent and NYMEX WTI rose by 5,994 lots, or 0.9%, to 677,377 contracts. The increase was mainly in Brent, while in WTI net long positions fell slightly in April.

Money managers were net buyers of more than 15 mb in Brent. Combined futures and options net long positions in Brent rose by 15,320 contracts, or 5.3%, to reach 305,099 lots in the week to 27 April, the highest level since mid-March 2021, according to the ICE Exchange. In the week ending 27 April, gross short positions rose by 2,529 lots, or 3.0%, to 86,505 contracts. Gross long positions rose by 17,849 lots, or 4.8%, to 391,604 contracts during the same period.

However, hedge funds and other money managers slightly cut their positions related to NYMEX WTI in April. Combined futures and options net long positions in NYMEX WTI decreased by 9,326 contracts, or 2.4%, to 372,278 lots in the week to 27 April. This was due to a rise in short positions by 7,776 lots, or 21.9%, to 43,322 contracts, and long positions fell by 1,550 contracts, or 0.4%, to 415,600 contracts, according to the US Commodity Futures Trading Commission (CFTC).

Consequently, the **long-to-short ratio** of speculative positions in the ICE Brent contract rose in April, increasing from 4:1 in late March to 5:1 in April. However, the NYMEX WTI long-to-short ratio fell to 10:1 in the week to 27 April, compared to 12:1 in late March. **Total futures and options open interest volumes** on the two exchanges declined further in April, falling by 2.6%, or 162,746 contracts, to stand at 6.1 million contracts in the week ending 27 April.

Murban, a new crude oil futures contract in the East of Suez market

On 29 March 2021, the East of Suez crude market witnessed the launch of a promising new crude futures contract, Murban crude futures, trading on the new ICE Futures Abu Dhabi (IFAD) commodities exchange. The launch not only provides the market with a new representative crude reference but also will change the way the Murban, Upper Zakum, Das and Umm Lulu crude grades are traded in the market, as the Abu Dhabi National Oil Company (ADNOC) announced it will remove contractual destination restrictions from June. Furthermore, the trading of Murban is moved from a retroactive official selling pricing mechanism to a market-driven and forward pricing model. Consequently, it will provide more transparency and more possibilities for market participants to assess arbitrages with other grades. The Murban futures contract has the potential to emerge as a new regional benchmark, given its physical liquidity and its large volume with multiple producers, sellers and customers. One of the most traded crudes in the Middle East spot market, it has an adequate quality as a light sour crude with an API of 40° and a sulphur content of 0.778%. It also has a significant distribution network, diverse export destinations and other assets. Murban enjoys a physical liquidity and is owned by seven companies – the Abu Dhabi National Oil Company (ADNOC), BP, Total, China National Petroleum Corporation, Japan Oil Development Co, China ZhenHua Oil Co, and GS Energy. With a production capacity of approximately 2 mb/d, Murban represents more than half of the UAE's total oil production, according to IFAD. Furthermore, IFAD reported that nine large energy traders are joining Intercontinental Exchange (ICE) and ADNOC as founding partners in the IFAD exchange – BP, GS Caltex, INPEX, JXTG, PetroChina, PTT, Shell, Total and Vitol. Murban crude oil futures is a physically delivered contract with delivery at the Fujairah loading terminal on a free-on-board basis, with a financial settlement option.

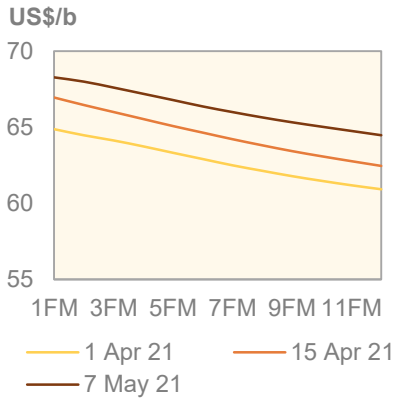
Murban crude oil futures have recorded a strong start since late March, with daily trading volume averaging 6,885 lots in April, an equivalent average of about 6.9 mb/d. Daily trading volume reached 18,798 lots on 20 April or the equivalent of about 18.8 mb/d, according to exchange data. Open interest rose to 41,166 contracts on 28 April.

The futures market structure

Although the **market structure** of all three major oil benchmarks – ICE Brent, NYMEX WTI and DME Oman – remained in sustained backwardation, lower seasonal crude demand in Europe and Asia, the deteriorating COVID-19 situation in several countries, and expectation of higher supplies in the coming months lessened the backwardation in the key markets, suggesting that the supply-demand balance is softening.

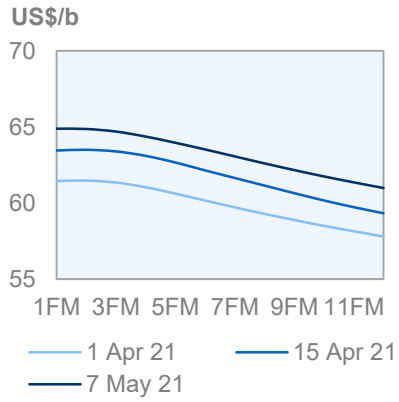
ICE Brent backwardation eased slightly in April, compared to a month earlier, coming under pressure from the surge of COVID-19 infections in some countries and extended lockdowns and mobility restrictions in parts of Europe. These developments raised concerns about short-term oil demand recovery, which weighed on near-month futures prices, as did the abundant oil supply in the Atlantic Basin. Furthermore, spring refinery maintenance curbed demand in the Asia-Pacific and Europe regions. On a monthly average, the ICE Brent M1/M3 spread narrowed by 7¢, from a backwardation of 98¢/b in March, to a backwardation of 91¢/b in April. The ICE Brent's first to sixth month also narrowed by 51¢ to a $2.10 backwardation in April, which makes it economically unfavourable to store crude oil.

Graph 1 - 4: ICE Brent forward curves



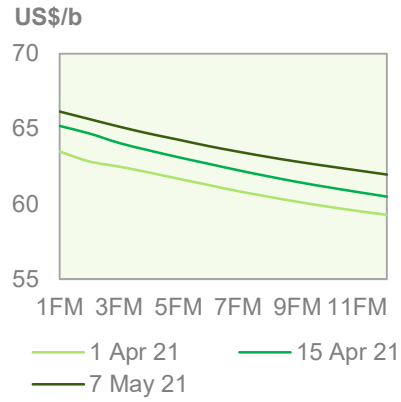
Sources: ICE and OPEC.

Graph 1 - 5: NYMEX WTI forward curves



Sources: CME and OPEC.

Graph 1 - 6: DME Oman forward curves



Sources: DME and OPEC.

In the US, the **NYMEX WTI** backwardation structure lessened and the forward curve flattened in the front despite optimism about solid economic data, the accelerating vaccine rollout and recovering US refinery operations. High levels of US crude stocks, including at Cushing, contributed to keeping downward pressure on near-term months compared to forwards. The NYMEX WTI first-to-third-month spread narrowed to a backwardation of 18¢/b on average in April compared to a backwardation of 30¢/b one month earlier.

The backwardation structures of **DME Oman** and of **Dubai** flattened slightly last month amid subdued demand from Asian buyers in the Middle East spot market in the second half of April, and the prospect of increasing sour crude supply from Middle East producers in the coming months. Concerns about weakening demand from India also contributed to flattening the forward curve. On a monthly average, the DME Oman M1/M3 spread narrowed to a backwardation of $1.00/b in April, from a backwardation of $1.18/b in March, or a decrease of 18¢/b.

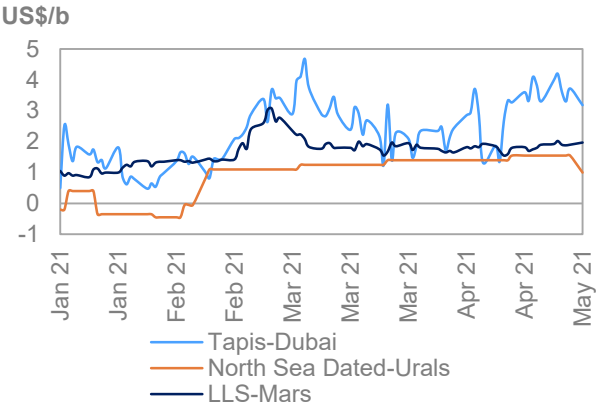
However, the physical Brent market structure strengthened last month, partly supported by a significant reduced supply of the five North Sea crude oil grades underpinning the North Sea Brent benchmark in April, May and June and it was also supported by healthy demand for North Sea crude from European refiners. Regarding the **M1/M3 structure**, the North Sea Brent M1/M3 spread widened in April on a monthly average by 38¢ to a backwardation of 92¢/b, compared to 54¢/b in March. Nonetheless, in the US, the WTI M1/M3 backwardation narrowed in April by 13¢ to 14¢/b, compared to a backwardation of 27¢/b in March. The Dubai M1/M3 backwardation also narrowed on average in April, contracting by 11¢ to a backwardation of $1.06/b.

Crude spreads

The **sweet/sour crude differentials** recorded different trends in April in key markets. While the sweet/sour crude differential continued to widen in Europe, it narrowed in the USGC, and remained almost unchanged in Asia on a monthly average. The good performance of light distillate products, specifically gasoline, compared to heavier distillates was offset by the high availability of light sweet crude.

In **Europe**, the value of light sweet crude continued to rise against Urals, the regional sour reference. The spread between North Sea Dated and Urals widened further in April by 17¢ to average $1.44/b. This is due to the higher Brent value that was supported by lower Brent, Forties, Oseberg, Ekofisk and Troll supplies, and as the value of Urals weakened on limited demand for the grade due to refinery maintenance and high availability of unsold cargoes. Urals values were also pressured down by a closed arbitrage to the Asian market as the Brent-Dubai spread remained elevated in April, making the flow to the east unfavourable. On a monthly average, the Urals crude differential against the North Sea Dated in Northwest Europe fell in April to a discount of $2.80/b on a daily basis, its lowest level since April 2020.

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



Sources: Argus, OPEC and Platts.

In **Asia**, the Tapis/Dubai spread was little changed in April and averaged $2.74/b compared to $2.76/b in March. The spread remained relatively wide compared to 1Q21 and 2020 levels as light sweet crude in Asia continued to be supported by an unfordable west-to-east arbitrage, which is reflected in wide Brent-Dubai spread that made arbitrage of Brent-related light sweet crudes in the Atlantic Basin to Asia difficult, hence supporting light sweet crude value in Asia. The Brent-Dubai front-month exchange of futures for swaps (EFS Dubai) widened further on a monthly average in April, by 62¢, to $3.19/b, compared to $2.57/b in March. Meanwhile, the prospect of higher sour crude supply in the Middle East in the coming months weighed on sour crude value.

However, in the **USGC**, the LLS-Mars spread narrowed in April as the Mars sour crude value declined less than LLS. High availability of light sweet crude in the USGC region, low US crude export levels in the first three weeks of April, and a well-supplied light sweet market in the Atlantic Basin, along with the high volume of unsold barrels, contributed to weakening the value of light sweet crude similar to LLS. Strengthening Mars refining margins in the USGC, compared to LLS, gave some support to Mars sour crude. The LLS-Mars spread narrowed 13¢ m-o-m, to average $1.76/b in April.

Commodity Markets

Energy commodity prices were mixed in April. There were declines in crude oil and coal, while natural gas rose across regions. Oil prices declined on concerns about the impact of rising COVID-19 infections. Coal prices retreated as Australian exports normalized after witnessing disruptions the previous month. Natural gas prices were particularly supported by lower than average temperatures in Europe, which delayed inventory replenishment.

Base metals rose for the twelfth consecutive month. This was driven by persistent expansion in global manufacturing, some easing in the US dollar value, and some concerns about the potential impact on South America output due to rising Covid-19 infections in the region. Gold prices advanced amid a decline in real interest rates.

Trends in selected commodity markets

The **energy price index** retreated m-o-m by 0.5% in April. There were drops in crude oil and coal, while natural gas advanced, the opposite of the previous month. The average index level was up by 46% in the period January-April 2021, compared with the same four months in 2020.

The **non-energy index** rose by 2.7% m-o-m, with base metals rising by 4.1%, and agriculture commodities up by 1.9%. The non-energy index was up by 31.1% in the January-April 2021 period, compared to the same period of 2020.

Table 2 - 1: Commodity prices

Commodity	Unit	*Monthly averages*			*% Change*	*Year-to-date*	
		Feb 21	Mar 21	Apr 21	Apr 21/Mar 21	2020	2021
Energy*	Index	**79.3**	**79.8**	**79.4**	**-0.5**	**52.7**	**77.0**
Coal, Australia	US$/mt	86.7	94.9	92.2	-2.8	65.6	90.2
Crude oil, average	US$/b	60.5	63.8	63.0	-1.3	42.1	60.2
Natural gas, US	US$/mbtu	5.1	2.6	2.6	1.8	1.9	3.2
Natural gas, Europe	US$/mbtu	6.2	6.1	7.1	16.6	2.8	6.7
Non-energy*	Index	**104.4**	**105.3**	**108.1**	**2.7**	**80.0**	**104.9**
Base metal*	Index	**105.0**	**109.0**	**113.5**	**4.1**	**73.6**	**106.8**
Precious metals*	Index	**142.9**	**135.6**	**138.4**	**2.0**	**119.4**	**140.5**

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

In April, the **Henry Hub natural gas price** rose slightly m-o-m to $2.61/mmbtu. Prices weakened at the beginning of the month due to moderate temperatures, however, divergent and more severe weather patterns – either colder than average, or warmer than average depending on the region – that followed resulted in stronger demand. This led to a recovery in prices.

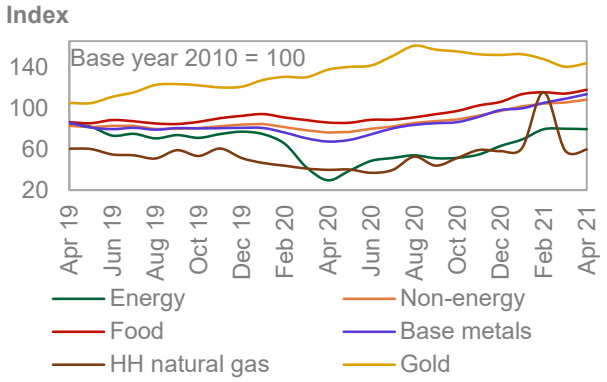
IHS Markit estimations referenced that dry gas production was relatively flat during the month. According to the Energy Information Administration, utilities added 60 bcf to **working gas underground storage** during the week ending 30 April 2021. This build left total working gas in underground storage at 1,958 bcf, around 3.0% below the latest five-year average. At the end of March, stocks were 2.0% below the five-year average.

Natural gas prices in Europe rose strongly in April with the average **Title Transfer Facility (TTF) price** up by around 17% m-o-m to $7.1/mmbtu. This was on the back of lower than average April temperatures that spurred demand, and stymied stock increases during the month. EU inventories ended April almost unchanged from the previous month at around 30% full, according to Gas Infrastructure Europe. Inventories were approximately 62% full at the end of April last year. Stronger TTF prices helped to increase the floor of hub-based prices in Asia. In the period January-April 2021, average prices were 1.3 times higher than in the same timeframe last year.

Australian thermal coal prices declined m-o-m by 2.8% in April to $92.2/mt. In the January-April period, prices were around 37.4% higher than in the same there months last year. Prices weakened as supplies from a major Australian coal producing region – affected by flooding the previous month – normalized in April. In addition, concerns about the impact on coal demand of the current wave of Covid-19 infections in major importer India also contributed to the weakening in prices. Additionally, China's imports have retreated this

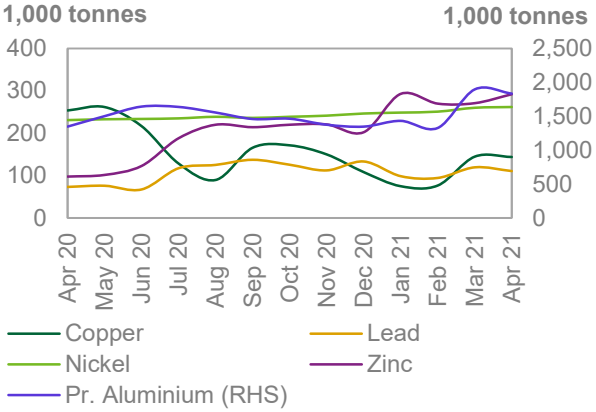
year by 29% in the January-April period, as coal output in the country recovered from the impact of last year lockdowns.

Graph 2 - 1: Major commodity price indices



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

Graph 2 - 2: Inventories at the LME



Sources: LME, Thomson Reuters and OPEC.

The **base metal price index** rose m-o-m by 4.1% in April. This was driven by a further acceleration in global manufacturing activity, some easing in the US dollar value, and concerns of supply disruptions for selected metals.

Average monthly copper prices rose m-o-m in April by 3.7%. Average prices in the January-April period were 58% higher than in the same four months of 2020. Concerns about lower output from South America partly due to a wave of Covid-19 infections in the region, and strong manufacturing activities, supported prices. Stock levels at the London Metal Exchange (LME) were relatively stable, and ended the month of April at 143,725 tonnes from 144,500 tonnes in March. According to the International Copper Study Group (ICGS), the estimation for the refined copper balance (adjusted for unreported Chinese inventories) in January 2021 showed a surplus of 32,000 tonnes.

Iron ore prices rose m-o-m in April by 6.9% to a monthly average of $179.83/mt. Average prices in the January-April period were 90% higher compared with the same timeframe last year. Steel making activity rose at a global level by 15.2% in March 2021 compared to the same month last year, led by a 19.1% y-o-y increase in China and a 23.9% rise y-o-y in India. Chinese iron ore imports declined slightly by 3.5% during April, but they remain up by 6.7% in the January-April period compared to the same four months last year.

In the group of **precious metals**, gold advanced by 2.4% m-o-m in April as real interest rates in US dollars declined after three consecutive monthly rises. Financial investor's increased their net long positions for the first time since December.

Investment flows into commodities

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

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

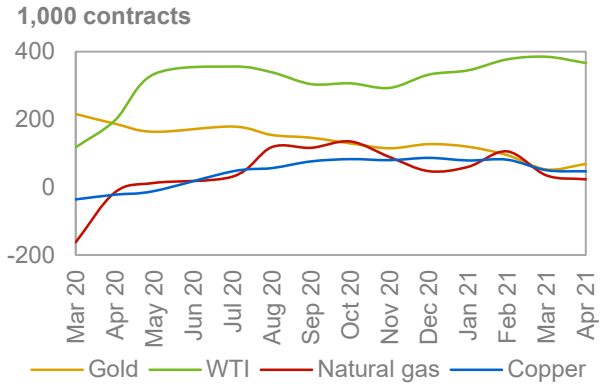
	Open interest		*Net length*			
	Mar 21	Apr 21	Mar 21	% OI	Apr 21	% OI
Selected commodity						
Crude oil	3,078	2,975	385	13	367	12
Natural gas	1,222	1,203	35	3	23	2
Gold	664	639	52	8	69	11
Copper	253	260	50	20	47	18

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

Sources: CFTC and OPEC.

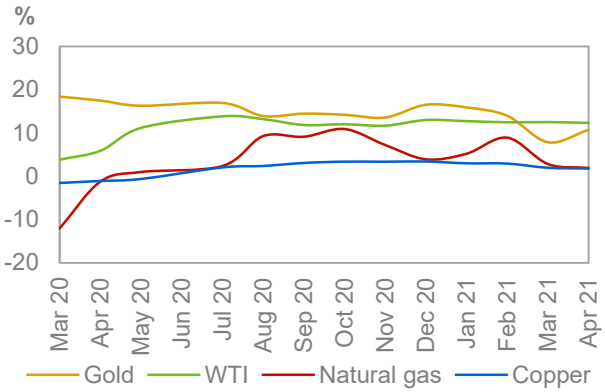
Henry Hub's natural gas OI declined m-o-m by around 1.5% in April. Money managers' net long position dropped by more than 32.9% to 23,398 contracts from 34,886 contracts the previous month, amid moderate temperatures.

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.

Copper's OI increased by 2.7% in April. Money managers' cut their net length by 6.5% m-o-m to 46,752 contracts from 50,003 contracts the previous month, around the lowest since July 2020.

Gold OI fell by 3.8% in April. Money managers' net length rose by around 31% to 68,657 contracts from 52,193 contracts the previous month, as real interest rates in US dollars showed their first monthly decline in 2021.

World Economy

The global economic recovery seems to be gaining momentum, however, at a diverging pace. Those economies that are able to gradually contain the pandemic, thanks to vaccination campaigns and other successful containment strategies, and that also have the financial capabilities to provide economic stimulus measures are rebounding quickly. This is in contrast to those economies that have less access to vaccinations, apply less successful containment strategies and have only limited financial resources for fiscal and monetary stimulus. The US and China are leading the recoveries, while other major OECD economies are also recovering well, albeit at a lower rate, including the Euro-zone and Japan, which are both facing the 2Q21 impacts of lockdowns. India is currently facing severe COVID-19-related challenges and will therefore face a negative impact on its recovery in 2Q21, but it is expected to continue improving its momentum again in 2H21. The laggards in this global recovery are mostly the economies in Latin America, Africa and low-income countries in Asia.

The improving situation in OECD Americas, especially in the US, and in China have led to an upward revision of the 2021 global economic growth forecast, which now stands at 5.5%, compared with 5.4% in the previous month. This strong recovery comes after a global GDP decline of 3.5% in 2020. The recovery is very much leaning towards 2H21. The base assumption of this forecast is that by the beginning of 2H21, COVID-19 will be largely contained in the sense that the majority of the population in the advanced economies will be vaccinated and that the pandemic will not pose a major obstacle for major emerging economies by then. In addition, forced private household savings during the lock downs are forecast to accelerate global economic growth in 2H21 via pent-up demand, especially in the contact-intensive sectors.

As most of the global recovery is expected to materialize later in the year, there are still some significant uncertainties. First and foremost, the path of the COVID-19 pandemic will be the overarching factor impacting the near-term pace of the recovery, with the potential emergence of further harmful COVID-19 variants posing a particular risk. Moreover, sovereign debt in most economies has risen to levels at which a lift in interest rates could cause severe fiscal strain. While not imminent, a further rise in inflation, especially in the US and the Euro-zone, may cause some tightening of monetary policies, an area that will need to be watched in the short term. This sensitivity and the potential need of rising US interest rates was, notably, raised just recently by the US Treasury Secretary. Additionally, trade-related disputes, especially between the US and China, may continue.

The OECD growth estimate for 2020 remains at -4.8%. OECD growth in 2021 has been revised up to 4.8% from the previous month's 4.6%, lifted in particular by improving growth expectations for OECD Americas, while the Euro-zone and Japan are facing a delayed recovery due to ongoing lockdowns.

In the emerging economies, India's growth forecast for 2021 was revised down to 9.7% from 9.8%, taking into consideration some negative impacts from the ongoing COVID-19 challenges in the country. India's 2020 GDP growth stood at -7.0%. Following growth of 2.3% in 2020, China's GDP forecast was revised up to 8.5% in 2021 from 8.4% in the previous report. Brazil's forecast for 2021 remains at 3.0%, following a contraction of 4.1% in 2020. Russia's growth forecast for 2021 remains unchanged at 3.0%, after contracting by 3.1% in 2020.

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

	World	OECD	US	Euro-zone	UK	Japan	China	India	Brazil	Russia
2020	**-3.5**	**-4.8**	**-3.5**	**-6.8**	**-9.9**	**-4.9**	**2.3**	**-7.0**	**-4.1**	**-3.1**
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2021	**5.5**	**4.8**	**6.2**	**4.2**	**5.0**	**3.0**	**8.5**	**9.7**	**3.0**	**3.0**
Change from previous month	0.1	0.2	0.5	-0.1	0.2	-0.1	0.1	-0.1	0.0	0.0

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

Source: OPEC.

Global

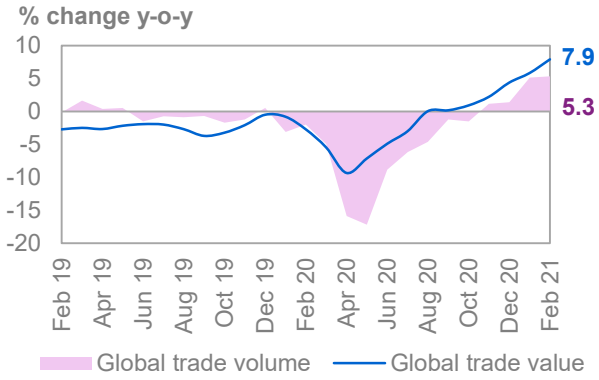
Update on latest developments

The **global economy**'s recovery seems to be gaining pace, very much supported by vaccination drives in OECD countries and unprecedented fiscal and monetary stimulus measures as well as high savings resulting from lockdowns. The pandemic has so far been very different from other crises as no financial market impairments have led to a broad based destruction of wealth or income nor were any means of production destroyed as was the case in past wars or natural catastrophes. Moreover, the response to the pandemic has been generally quick and forceful in many aspects so far, at least in those economies that can afford offsetting measures. The latest round of fiscal stimulus in the US has led to upgrades to the US forecast as growth, starting in 2Q21 is expected to be well supported, especially when considering the successful and efficient rollouts of vaccination drives. In the OECD, however, the Euro-zone and Japan are experiencing lagging recoveries to some extent, but these are forecast to pick up towards the end of 2Q21. In the emerging economies, it has been primarily China that was able to contain the pandemic, while the second-largest emerging economy, India, is facing ongoing challenges. Russia and Brazil are both still being challenged by COVID-19, but have already started to benefit from the recovery in global trade and the rise in commodities demand, as well as their improving price environment.

Globally, the two economies driving the recovery are the US and China. In the US, the exceptional fiscal stimulus of $1.9 trillion in combination with the $900 bn package from the turn of the year and the ongoing monetary stimulus should provide the base for an extraordinary recovery in 2021. The potential net effect of this packages is estimated at 7.5 percentage points. In China, the successful containment of COVID-19 and the further improving domestic recovery have also already provided a strong base for the global economic rebound. However, the impact from the pandemic is still being felt in 1H21, with the EU, Latin America and India seeing rising infections and, consequently, lockdowns of various degrees that are harming the economic dynamic of affected countries.

Global trade levels — an important motor for the ongoing recovery — have continued improving, according to data available up to January. This is thanks to the base effects from the large declines in the last year, but also due to the ongoing rebound in global economic activity. The greatest beneficiary of this momentum is China, with the largest share in global exports. Out of the top 20 exporters in the world, China's total market share in global exports in 2020 stood at around 25% compared to an average of around 20% over 2017-19, based on data by Allianz SE. In February, world trade volumes rose by 5.3% y-o-y, after a rise of 5.2% y-o-y in January, based on the CPB World Trade Index provided by the CPB Netherlands Bureau for Economic Policy Analysis. This marks the fourth monthly rise in global trade volumes. Trade improved in value terms as well, rising by 7.9% y-o-y in February, compared with 5.9% y-o-y in January.

Graph 3 - 1: Global trade



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

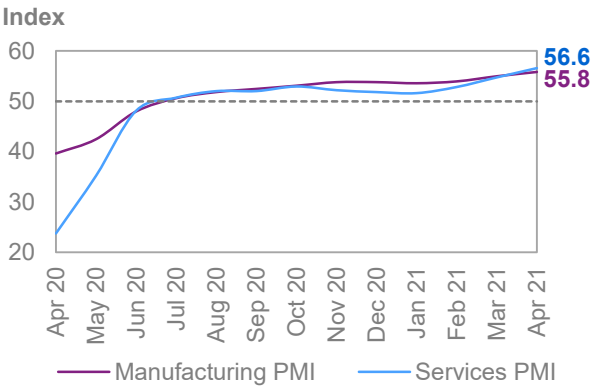
Near-term expectations

The near-term expectations and world economic growth forecast for 2021 are very much guided by the likelihood and therefore thee underlying assumption that, by the beginning of 2H21, COVID-19 will be largely contained in the sense that the majority of the population in the advanced economies will be vaccinated and that the pandemic will not pose a major obstacle for major emerging economies by then. While growth in 1Q21 will still be particularly hit by the pandemic across the world, the recovery in OECD Americas, particularly in the US by 2Q21, is forecast to gradually lift the momentum. However, the Euro-zone, Japan, Latin American economies and, importantly, India will still be impacted by COVID-19 to a larger extent in 2Q21. With these base-assumptions, 1Q21 global GDP growth is forecast to stand at 0.4% q-o-q and to accelerate to a level of 1.4% q-o-q in 2Q21. The major acceleration is then forecast to materialize in the 2H21 with 3Q21 growth forecast at 2.6% q-o-q and 4Q21 growth at 1.9% q-o-q.

The recovery in 2H21 will be significantly supported by a rebound in contact-intensive sectors, especially travel and tourism, as well as leisure and hospitality. The summer travel season in the northern hemisphere will add more support. Moreover, it is assumed that inflation will remain at reasonable levels so that central banks, particularly the US Federal Reserve will not raise interest rates unexpectedly. However, most recent comments by the US Treasury Secretary that an interest rate rise may be necessary in order to avoid an overheating of the economy is pointing to the challenges of balancing stimulus and monetary policies. This is of even greater important as the US administration is planning to add further major stimulus plans. One is the infrastructure initiative, the American Jobs Plan, with an amount of around $2 trillion. The second one is the family and social support initiative, the American Family Plan, with an amount of around $1.8 trillion. Both plans are supposed to be spent over ten years and will most likely become GDP effective only in the coming year. However, it is likely that it will already have some positive impact towards the end of the year.

Global purchasing managers' indices (PMIs) in April reflected a tender continuation of the global recovery. The global manufacturing PMI stood at 55.8 in April, following an already strong index of 55 in March and 53.9 in February. The global services sector PMI rose as well, standing at 56.6 in April, after 54.7 in March and 52.8 in February.

Graph 3 - 2: Global PMI



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

An acceleration of improvements in 2Q21 in OECD Americas and a continuation of global momentum in 2H21 is anticipated to lift 2021 **GDP growth**, which was revised up to 5.5% from 5.4% the previous month. This comes after a global GDP decline of 3.5% in 2020. While further upside may come from the US and also form stronger growth in Asian economies, numerous challenges remain. Among the most pressing issues are the possibility of emerging new COVID-19 variants and the consequent efficacy of vaccines.

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

	World
2020	**-3.5**
Change from previous month	0.0
2021	**5.5**
Change from previous month	0.1

*Note: * 2021 = Forecast.*

Source: OPEC.

Furthermore, the danger of rising interest rates, especially in the US, and consequent repercussions for the global economy will need close monitoring.

OECD

OECD Americas

US

Update on the latest developments

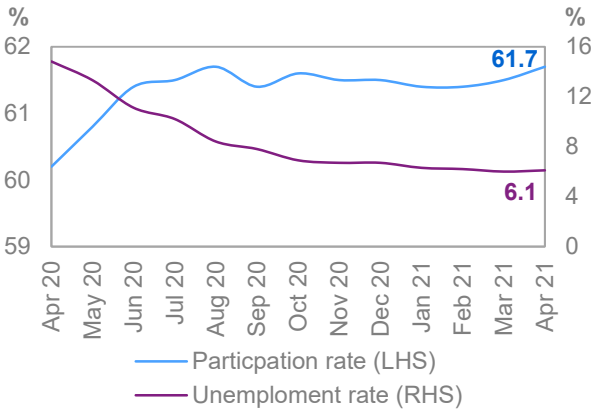
In the **US**, while 1Q21 growth was still impacted by COVID-19 in addition to the cold snap in Texas, GDP growth was stronger-than expected at 6.4% q-o-q seasonally adjusted annualised rate (SAAR). The $900 billion fiscal stimulus package that was enacted at the end of last year has very likely counterbalanced some of the impact from COVID-19. The latest fiscal stimulus package, the America Rescue Plan Act, at a magnitude of $1.9 trillion and signed into law in March is providing a further strong base to keep the recovery going. In the meantime, the COVID-19 vaccination drive has gained further momentum in the US with nearly 50% of the population having now received at least a first shot. The latest announcement of the new US administration pointed to the goal of having at least 70% of the population receiving at least one vaccination by 4 July, US Independence Day. The successful vaccination campaign, the unprecedented fiscal and

monetary stimulus and forced savings during the past year's lockdown periods will provide a sound base for a strong recovery in the remainder of the year and especially in 2H21. The net personal savings rate in March stood at 27.6%, compared to averages of past years of around 7%.

In addition to the ongoing fiscal stimulus, the new US administration has announced two further fiscal stimulus packages. The first is the American Jobs Plan, at an amount of more than $2 trillion. This should provide significant support to infrastructure improvements while stimulating economic growth. The second stimulus package is a family and social support initiative, the American Family Plan, with a magnitude of $1.8 trillion. This is aimed at improving education and providing financial and childcare support to families. Both packages are scheduled for 10 years and assuming that they will be approved after negotiations later in the year, they will have only a minor GDP effect, if at all, in the current year, but may provide a lift in sentiment going forward. In the meantime, the Fed has also continued its strong support, expanding its balance sheet by $326 billion in 1Q21, pointing to a continuation of its accommodative monetary policy. However, just recently and notably, the Treasury Secretary signalled the likelihood of rising interest rates to avoid overheating the economy, a development that will need to be carefully monitored. In the meantime, important lead-indicators are pointing to a continued improvement into 2Q21. **Consumer confidence** rose strongly to reach 121.7 in April, compared with 109 in March and 90.4 in February, based on the index provided by the Conference Board.

The labour market softened in April, contrary to expectations. The **unemployment rate** rose slightly to 6.1% compared to 6% in March and 6.2% in February. Non-farm payroll additions increased by 266.000 and showed a weakening trend, after also downwardly revised additions of 770.000 for March. Employers have pointed at the challenges to recruit and it seems that the ongoing social welfare support in combination with parents that were still needed at home for childcare in April and other factors keeping the labour market currently from regaining strength. However, these factors may be temporary. One factor that may lift the participation rate - at only 61.7% in April, compared to 63%+ pre-pandemic - may be rising wages. However, this may be inflationary and may pose another challenge.

Graph 3 - 3: US monthly labour market



Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

With the success in lifting vaccination rates to almost 50%, the large fiscal stimulus that was enacted in March and now the rising likelihood that the recovery will continue, growth expectations for the US economy have been raised for 2021. The America Rescue Plan Act leans significantly towards lifting consumption with a $1,400 payment to less affluent US citizens. That accounts for more than $400 billion of the total package. Another important lift to consumption should come from an increase in unemployment benefits, accounting for more than $200 billion. These two measures alone are forecast to lift US growth by around 2.5% this year. The total GDP lift from the American Rescue Plan may reach up to around 7.5 percentage points for 2021, according to the Secretariat's findings. The effectiveness of these and other stimulus measures will determine how much US GDP growth will be supported, but as it seems that further measures could move US GDP growth up to 7% or higher in 2021. This will, furthermore, support global economic growth by around 2 percentage points this year.

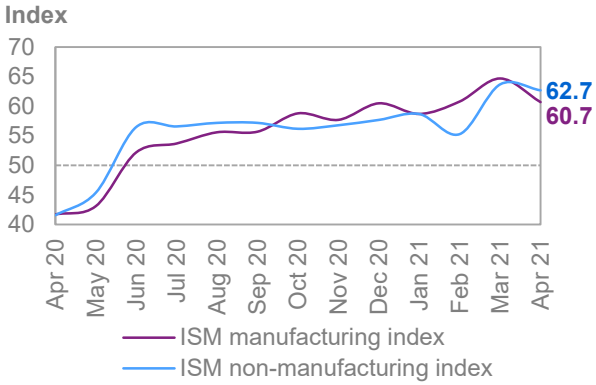
During 1Q21, GDP growth was still impacted by COVID-related lockdown measures, holding GDP growth at 6.4% q-o-q SAAR. In 2Q21, growth is forecast to accelerate to 9.2% q-o-q SAAR in 2Q21. This is a strong lift from last month's expectations of 7.2% quarterly growth. Growth in 3Q21 is forecast to reach 7% q-o-q SAAR, and then slow down to 3% q-o-q SAAR in 4Q21. The major push in economic growth is forecast to come from consumer spending and investment. From a sectorial viewpoint, the major contribution to the recovery is expected to come from the contact-intensive service sectors, which are likely to see a strong rebound starting in 2Q21. Given that the services sector constitutes more than two-thirds of the US economy, this is likely to boost consumption going forward. While concern has come and may continue to come from inflation, price increases seem to be well anchored as the labour market in particular does not show signs of overheating, which would lead to significant wage growth and quickly rising underlying inflation.

The main uncertainties in the forecast are either that COVID-19 will not be contained and/or that inflation will rise at such a pace that market rates will carry an unexpected dynamic, impairing the ongoing recovery. However, even with the ongoing low interest rate environment, rising debt levels and associated debt services

may cause fiscal constraints going forward. These factors will require close monitoring, but are not expected to pose an imminent challenge. Also, the new Administration has proposed targeted tax increases in its America Tax Plan, which could lead up to an additional tax income of $3 trillion over the coming years. This should counterbalance the fiscal burden if the burden is mostly geared towards the relatively affluent part of the population and therefore does not significantly weigh on growth.

The economy's recovery continues to be reflected in **April's PMI** levels as provided by the Institute for Supply Management (ISM), indicating an ongoing pickup in the coming months. Also, a relative switch became visible from the manufacturing sector to the services sector. This may also be driven, to some extent, by the build-up of supply challenges mainly in the automotive sector, caused by global supply shortages of microchips. The manufacturing PMI retracted to 60.7 in April, compared to 64.7 in March and 60.8 in February. The services sector retracted slightly to stand at 62.7, compared to 63.7 in March and 55.3 in February.

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



Sources: Institute for Supply Management and Haver Analytics.

The current forecast anticipates that COVID-19 will be increasingly contained towards the end of 2Q21. Hence a strong rise in consumption and investment is forecast to provide the two main pillars for a solid recovery in 2021, and growth will gain pace towards 2H21. Supported by fiscal and monetary stimulus, growth is forecast at 6.2%, compared with the previous month's forecast of 5.7%. Growth prospects are further tilted towards the upside, but COVID-19-related uncertainties, inflationary challenges and, to some extent, domestic political challenges remain. The previous growth estimate for 2020 was confirmed by the US statistical offices at -3.5%.

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

	US
2020	**-3.5**
Change from previous month	0.0
2021	**6.2**
Change from previous month	0.5

*Note: * 2021 = Forecast.*

Source: OPEC.

OECD Europe

Euro-zone

Update on the latest developments

The **Euro-zone's economic** development was hit again by negative growth in 1Q21 amid the broad-based lockdown measures that were implemented at the beginning of the year in most Euro-zone economies. 1Q21 GDP growth was reported at -0.6% q-o-q seasonally adjusted (SA), translating into a yearly decline of -1.8%. So far, particularly those economies with a large tourism and travel sector have been most strongly affected. The slowing momentum from 1Q21 is anticipated to have carried over into the first weeks of 2Q21 as lockdown measures continued in some countries of the Euro-zone and became even tighter than at the beginning of the year. In the meantime, vaccination rates - defined as those having received at least one shot - are rising steadily across the Euro-zone, now reaching around 25% in the major economies, reaching almost 30% in Germany, almost 27% in Spain, around 25% in Italy and around 24% in France. The vaccination drive is accelerating fast and expected to reach more than 50% in the summer time. This has already allowed some countries to gradually lift some of the lockdown measures and consequently mobility has already started to rise.

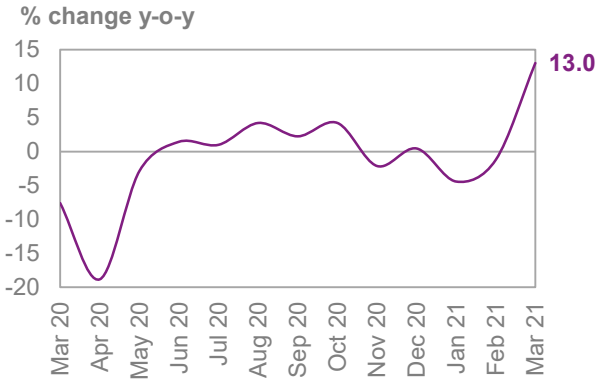
The European Central Bank (ECB), has continued its accommodative monetary policies. However, growth in lending to the private sector, an important lifeline of liquidity in the Euro-zone, has slowed down over the last months, albeit it remains at a strong level. Lending to the private sector by monetary financial institutions stood at 3.2% y-o-y in March, after 3.8% y-o-y in both January and February and 4.2% y-o-y in both December and November. With the rising activity in Euro-zone economies, lending is forecast to pick up again, especially

after the ECB announced in March that it would like to accelerate the pace of its bond buying programme over the next three months in response to rising borrowing costs and a continued fragile economic recovery.

Accommodative ECB monetary policies and fiscally driven social welfare measures have continued supporting the **labour market**. The latest available January numbers from Eurostat point to an improving situation, as the unemployment rate stood at 8.1% in March, compared with 8.2% in February and January.

The development of **retail sales** growth in value terms has held up relatively well, growing by 3% q-o-q in March on a seasonally adjusted base. This translated into a strong pick-up of 13% on a yearly base, but also reflecting very much the base effect from last year's March number, which declined by 7.6% y-o-y. **Industrial production** (IP) declined by 1.3% y-o-y in February, after a decline of 0.4% y-o-y in January.

Graph 3 - 5: Euro-zone retail sales



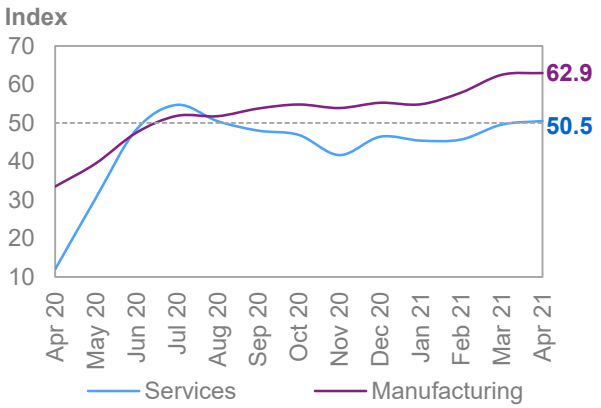
Sources: Statistical Office of the European Communities and Haver Analytics.

Near-term expectations

The momentum in vaccinations in combination with the EUR 750 billion recovery fund, the NextGenerationEU, are considered to build a strong base for a 2H21 recovery. In addition, the momentum in the Euro-zone's major trading partners, the US and China, is gaining considerable pace. US stimulus will facilitate US-bound exports. The ongoing recovery in Asian economies — especially China and to some extent India and Japan in 2H21 — is anticipated to benefit growth in the Euro-zone as well. Hence, in addition to domestic progress, the Euro-zone is forecast to achieve progress particularly in 2H21. 1Q21 GDP growth was reported at -2.5% q-o-q SAAR, affected by lockdowns and other COVID-19-related social-distancing measures. By 2Q21, growth is forecast to accelerate to 3.2% q-o-q SAAR. The main pick-up on a quarterly level is then forecast to materialize in 3Q21, when domestic consumption, investments and a rise in exports are all forecast to lift GDP growth to 10.8% q-o-q SAAR. 4Q21 is still expected to be strong and reach 8.2% q-o-q SAAR. The recovery is thus forecast to be delayed when compared to the US and China, which both have a more frontloaded recovery. This, in turn, may also fuel foreign direct investments into the Euro-zone in 2H21 and support the Euro, but this will also depend on interest rate developments in the US. Domestically, the expected normalization of social activities will have a positive effect with travel and transportation, leisure and the hospitality sector forecast to be the main beneficiaries, while the manufacturing sector's rebound will taper off somewhat.

The April **PMI** for the Euro-zone economy pointed to an ongoing improving situation in the manufacturing and services sectors. Momentum in the services sector is forecast to gain significant pace in the coming months. The manufacturing PMI rose to 62.9 in April, compared with 62.5 in March and 57.9 in February. The PMI for services, the largest sector in the Euro-zone, rose to 50.5 in April, standing above the growth indicating level of 50 for the first time since August 2020, when lockdown measures had been lifted in the Euro-zone. The current level compares with 49.6 in March and 45.7 in February.

Graph 3 - 6: Euro-zone PMIs



Sources: IHS Markit and Haver Analytics.

Partial lockdown measures are forecast to be lifted in 2Q21, along with related easing of voluntary social distancing in 2Q21. Ongoing progress in vaccination programmes, in combination with fiscal and monetary stimulus among other factors, should lift growth towards 2H21. By the end of 2Q21, growth should have gained strong traction. While the prospects for the successful containment of COVID-19 and further improvements in the global economy are providing upside support, the slow-down in 1H21 is leading to a downward revision to 4.2% for GDP growth in 2021, compared with 4.3% in the previous month. The GDP growth estimate for 2020 remains at -6.8%.

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

	Euro-zone
2020	**-6.8**
Change from previous month	0.0
2021	**4.2**
Change from previous month	-0.1

*Note: * 2021 = Forecast.*

Source: OPEC.

OECD Asia Pacific

Japan

Update on latest developments

Japan's economy continues recovering with improving lead-indicators and also production numbers pointed at good momentum in the recent past. New lockdowns had to be implemented for the prefectures of Tokyo and Osaka, given a worsening COVID-19 situation. It is only that in late March lockdowns were lifted, leading to strongly rising mobility and unfortunately again rising infections afterwards. This volatile situation has now led to these renewed lockdown measures, with a consequent negative impact on 2Q21 growth. The current lockdown measures have now become even more stringent than on previous occasions and the necessity to progress on the vaccination drive is becoming more imminent for the government, especially with the Summer-Olympics in Tokyo getting closer. The government is now aiming at getting the part of the population older than 65 vaccinated by summer. This accounts for around a third of the population.

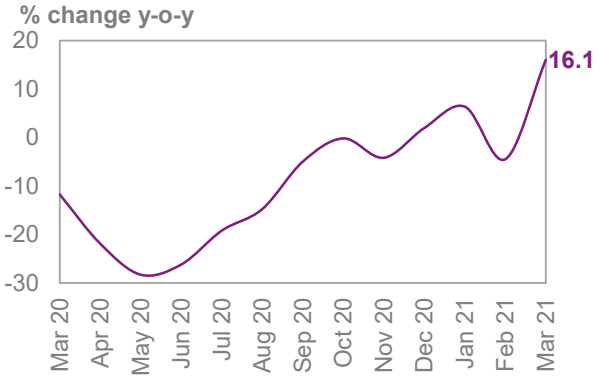
Impacted by already strong lockdown-measures during 1Q21, GDP growth is estimated to have declined by 2.5% q-o-q SAAR. In the meantime, consumer confidence and business sentiment have improved, confirming an improving pace, despite the re-emerging lockdown measures. In its latest meeting the Bank of Japan (BoJ) confirmed it accommodative monetary policy. The BoJ's basic assumptions remain unchanged, stating that the economy has picked up and revising even up slightly its fiscal year growth forecast, ending in March 2022, to 4% from previously 3.9%.

Growth in **industrial production (IP)** turned positive. The IP rose by 1.5% y-o-y in March, compared with declines of 3.1% y-o-y in February and 1.4% y-o-y in January. This was very likely supported by both the pick-up in exports, benefitting from improved global trade and also rising mobility. In addition, growth in manufacturing orders recovered as well, rising by 40.7% y-o-y in February, however, this was influenced by the base-effect of March last year, when it declined by 7.7% y-o-y at the onset of the pandemic. However, the pick-up was also visible in a quarterly view, as orders rose by 25% q-o-q seasonally adjusted.

Growth in **exports** recovered strongly as well, rising by 16.1% y-o-y in March on a non-seasonally adjusted base, following a decline of 4.5% y-o-y in February. **Retail sales** picked up, despite the impact of lockdown measures, expanding by 5.2% y-o-y in March, after a rise of 3.7% y-o-y in February and growth of 2.7% y-o-y in January.

Consumer confidence retracted slightly, as reported by the Cabinet Office. It stood at 34.8 in April, compared with 36.2 in March, but still higher than in February, when it reached 33.9.

Graph 3 - 7: Japan's exports



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

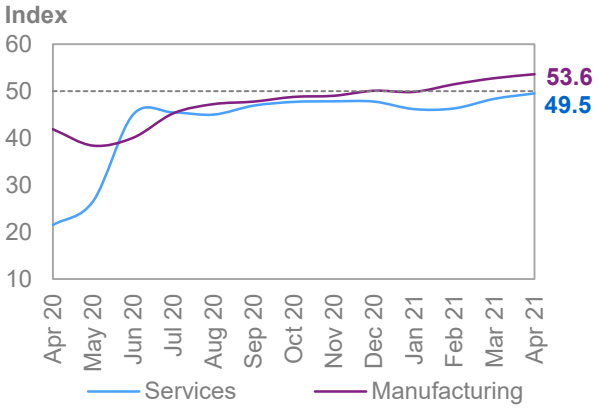
Near-term expectations

By summer the elderly population – defined as older than 65 years - is expected to be fully vaccinated and it is expected that by then it will not be necessary any more that the government will impose lockdown measures, and at least not as restrictive as the current ones. Hence, Japan is forecast to be able to participate in the global recovery in both external and domestic trade. Amid the new lockdown measures it remains to be seen what the mobility trend in the coming weeks will look like. Given that the level of stringency of the lockdown has been increased compared to previous ones, it is likely to drag growth by around 1 percentage points in 2Q21.

It is estimated that 1Q21 GDP declined by 2.5% q-o-q SAAR. As it is assumed that the virus will be widely contained in Japan towards the end of 2Q21 a strong rebound is expected by 2H21. Growth in 2Q21 is forecast to rise by 2% q-o-q SAAR. However, this is lower than in the last month's forecast, when the quarterly growth forecast stood at 3.2% q-o-q SAAR. Quarterly growth in 3Q21 and 4Q21 then should pick up with the global economy's recovery gaining pace and also domestic demand in Japan expected to rise further. Hence, growth is forecast at 5% q-o-q SAAR in 3Q21, before slowing somewhat to reach 3% in 4Q21.

The ongoing recovery is also reflected in the latest **PMIs** from April with both the manufacturing and the services sector accelerating. The manufacturing PMI rose to 53.6, compared with 52.7 in March. The PMI for the services sector, which constitutes around two-thirds of the Japanese economy, rose to 49.5, after 48.3 in March, however, still slightly below the growth indicating level of 50.

Graph 3 - 8: Japan's PMIs



Sources: IHS Markit, Nikkei and Haver Analytics.

Additional to the recovery in external trade, GDP growth is expected to remain supported by stimulus measures, leading to a recovery in private household consumption and investment. However, the latest round of lockdowns is forecast to impact 2Q21 growth, bringing down the FY 2021 GDP growth forecast to 3%, compared with the previous month's forecast of 3.1%. This assumes that COVID-19 will be largely contained in Japan by 2H21 and especially that the elderly population will be fully vaccinated by summer-time, leading to a strong domestic improvement towards the end of, and especially after, 2Q21. 2020 **GDP growth** stood at -4.9%, as reported by official government data.

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

	Japan
2020	**-4.9**
Change from previous month	0.0
2021	**3.0**
Change from previous month	-0.1

*Note: * 2021 = Forecast.*

Source: OPEC.

Non-OECD

China

Update on the latest developments

The **Chinese real GDP** grew 18.3% y-o-y in 1Q21, after a 6.5% growth in the 4Q20, recording the strongest pace of expansion since China started keeping quarterly records in 1992. The growth was boosted by strengthening domestic and global consumption thanks to the strict virus containment measures and continued fiscal and monetary support. Yet it is important to notice that 1Q21 growth rate reflected a low comparison base in 2020 when activity plunged due to the COVID-19 shocks. In 2020, the country's GDP expanded 2.3%, the slowest pace in more than four decades. Comparing 1Q21 to 4Q20, primary industry rose by 4.0 percentage points from 4.1% y-o-y to 8.1% y-o-y, while secondary industry jumped by 17.6 percentage points, recording double digit growth of 24.4% y-o-y following expansion of 6.8% y-o-y. Similarly, the services industry expended by 15.6% y-o-y compared to 6.7% y-o-y.

On the **demand side,** final consumption expenditure flipped to the growth territory following four quarters of contraction as it expanded by 11.6% y-t-d in 1Q21 following a contraction of 0.5% y-t-d in 4Q20. Gross capital formation grew 4.5% y-t-d in 1Q21, compared to 2.2% y-t-d in 4Q20. Net exports expanded 2.2% y-t-d versus 0.6% y-t-d in 4Q20. Total domestic demand recorded double-digit growth of 16.1% y-t-d in 1Q21 up from 1.7% y-t-d in 4Q20. Nevertheless, it is important to note that consumption still lagged behind investment.

On the **supply side,** most of the sectors recorded a double-digit expansion. Industry GDP recorded growth of 24.4% y-o-y in 1Q21 following 6.9% y-o-y in 4Q20. Out of this industry growth, the manufacturing sector expanded by 26.8% y-o-y in 1Q21 compared with 7.3% y-o-y in 4Q20. Construction GDP expanded by 22.8% y-o-y in 1Q21 versus 6.6% y-o-y in 4Q20. The transportation and telecommunication sector rose 32.1% y-o-y following a growth of 7.6% y-o-y in 4Q20. Similarly, the hospitality industry surged 43.7% y-o-y in 1Q21 following 2.7% y-o-y in 4Q20. Meanwhile, agriculture GDP expanded by 8.0% y-o-y in 1Q21 compared with 4.2% in 4Q20.

China's **trade** continued its out-performance driven by the global fiscal stimulus in developed economies. In April 2021, China's trade surplus was $42.8 billion, compared with a surplus of $45.0 billion in April 2020, amid improving global demand and higher commodity prices. Exports expanded 32.3% y-o-y while imports surged 43.1% y-o-y, signalling strong domestic demand and soaring commodity prices. Moreover, exports may have boosted because of the resurgence of the COVID-19 cases in other developing countries, including India and in Southeast Asia. Over the first four months of 2021, the trade surplus expanded sharply to $157.91 billion, from $55.65 billion in the same period of 2020. Concurrently, China's trade surplus with the US rose to $28.11 billion from $21.37 billion in March. Indeed, the US accounted for about 16% of Chinese exports in April while Southeast Asian nations accounted for 15.6% and the EU purchased 15.1%.

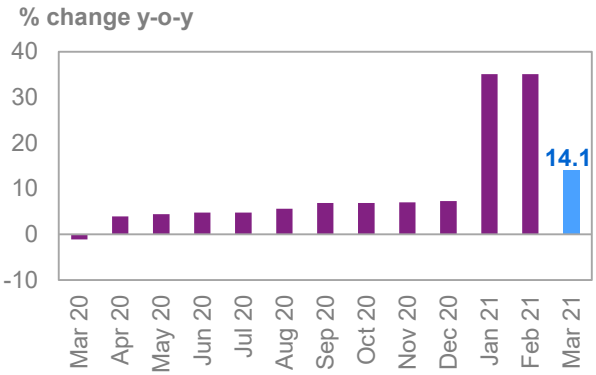
On the policy front, Beijing has launched a **new (14th) Five-Year Plan (FYP)**, presenting a GDP growth target of above 6% for 2021. China's "dual circulation" is prioritizing expanding household spending, as thus far Chinese consumers may not be spending enough to power a broad recovery. China's government launched a series of promotional activities to boost domestic consumption, one of which was a month long shopping campaign during the month of May. Simultaneously, online shopping platforms would offer sales on food, travel, and cultural and sporting products for half a month. In March 2021, China's retail sales surged 34.2% y-o-y, stronger than the 33.8% expansion in January-February. More significantly, retail revenues increased significantly compare to pre-pandemic level, as it went up 12.9% compared to March 2019.

The government also extended the financial relief measures for small and micro businesses that was in place from 2018 until 2020. The plan encourages the local governments to lower loan guarantee costs by about 1.5% or below for these businesses. The extension will stay effective till 2023. Additionally, in order to support the ongoing recovery, the government promised to deliver $84 billion in tax cuts for small and micro-sized businesses as well as companies in advanced manufacturing. However this policy step might damage local governments' finances which indeed have been constrained as their debts have been surging amid the defaults of wave of state-owned businesses in 2020. Overall, China's augmented fiscal deficit that includes off-budget spending, increased in 2020 to 13.2% of GDP from 11.2% in 2019.

China's **industrial production** increased 14.1% y-o-y in March 2021, easing from the expansion of 35.1% y-o-y surge in manufacturing activities in January-February 2021. Yet it is important to note that these indicators are heavily skewed by a low comparison base of 1.1% y-o-y contraction in March 2020. For the 1Q21, industrial output jumped by 24.5% y-o-y.

China's **consumer price index (CPI)** increased by 0.4% y-o-y in March 2021 after a decline of 0.2% y-o-y in February 2021, following a 0.3% fall in January 2021. Urban inflation rose by 0.5% y-o-y while the rural area inflation rose by 0.4% y-o-y. Food prices dropped by 0.2%, the first drop in three months, with prices of pork declining sharply.

Graph 3 - 9: China's industrial production



Sources: China National Bureau of Statistics and Haver Analytics.

Near-term expectations

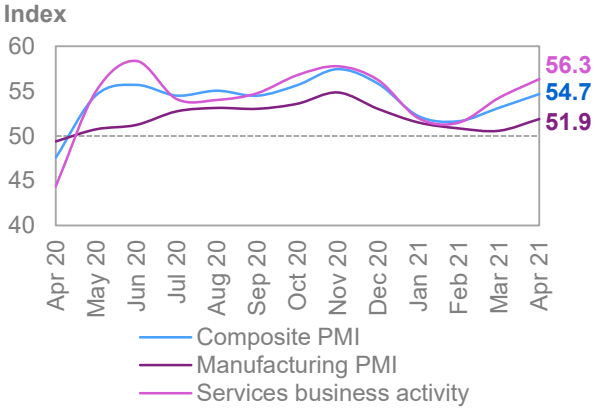
Looking forward, the overall economic climate in China is historically sharp as all macroeconomic monthly and first quarter indicators recorded substantial recovery on a year-to-year base. Both consumption and investment are keeping the momentum. Yet, consumption growth still lagging slightly behind. A robust consumption growth is a key tool for the policy-makers to normalize macroeconomic conditions. In the interim, the PMI indices

reflect the sustained manufacturing and services sector recovery as well as the bounce back from the temporary fall amid the New Year holiday restrictions.

The **Manufacturing PMI** increased to 51.9 in April 2021 from 50.6 in March, while the services PMI rose as well to 56.3 from 54.3, following the successful containment of COVID-19 and a further improvement in demand.

The economic growth forecast is to continue its robust path amid surging exports and robust growth in manufacturing investment, as well as household spending, which is gaining more momentum amid the decline in public health concerns. Nevertheless, several local and external downside risk still may threaten the recovery. On the domestic level, the growth rate may slow following slowing consumption activities over labour market concerns; a drop in external demand growth with less need for COVID-19 related goods; slow vaccination progress and the re-emerging of threaten infection cases.

Graph 3 - 10: China's PMI



Sources: Caixin, IHS Markit and Haver Analytics.

Externally, the current political environment may raise economic tensions for China. Trade tensions with the USA would be a key risk for exports growth and GDP growth.

Despite uncertainties and the downside risks, the short-term outlook is tilted to the upside considering the continuous improvement in domestic and external demand.

For now, incorporating the 1Q21 real GDP growth, the 2021 **GDP growth** forecast is revised up to 8.5%, from 8.4% last month.

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

	China
2020	**2.3**
Change from previous month	0.0
2021	**8.5**
Change from previous month	0.1

*Note: * 2021 = Forecast.*

Source: OPEC.

Other Asia

India

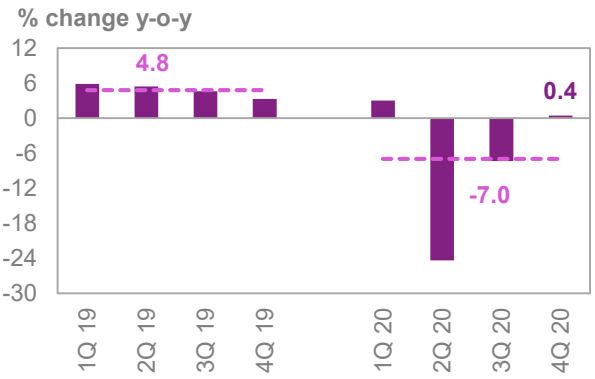
Update on the latest developments

After the positive outlook anticipated for **India's economy** in 2021, the latest COVID-19 wave provided acute challenges for India, especially in 1H21. The new COVID-19 variant put major cities under city-state wide lockdowns and localized restrictions, which might continue throughout the 2Q21. Yet the less stringent lockdown measures might combine with resilient consumer and business behaviour and mitigate the economic impact of the new restrictions.

Certainty, most available macroeconomic indicators might not reflect the acute economic climate as some of them are lagging behind and are skewed heavily by the low comparison base. On the **consumption end**, the most recent passenger vehicle sales data released in March suggested an expansion of 115% y-o-y following 18% (growth?) y-o-y in February. Car sales grew by 95% y-o-y, while utility vehicle sales surged by 153% y-o-y and two-wheeler sales were up by 73% y-o-y. Tractor sales growth jumped by 172% y-o-y. Nevertheless, considering the noticeable drop in mobility rate starting late March, consumption growth might move to negative territory. The unemployment rate in India decreased by 6.50% in March from 6.90 % in February of 2021. Geographically, rural unemployment fell to 6.3% from 7.5%. Similarly, urban unemployment fell to 7.4% from 7.7%. Unsurprisingly, the unemployment rate is most likely to surge in the near term specifically in the urban areas.

On the **policy front**, the Indian parliament in late 2020 passed substantial structural reforms aiming to support economic growth, including agricultural sector reforms and the government consolidated and liberalized labour laws in addition to privatizing SOEs to open up more sectors for private business. Moreover, the government offer changes to legislation related to e-commerce, and a modest liberalization of foreign direct investment (FDI) regulations. Moreover, the budget for the fiscal year 2021/22 is planned to increase capital expenditure by 26% from the government's revised estimate for 2020/21. Additionally, in order to support the most vulnerable communities during the new COVID-19 wave, the government planned to increase welfare expenditure slightly in 2021/22.

Graph 3 - 11: India's GDP quarterly growth



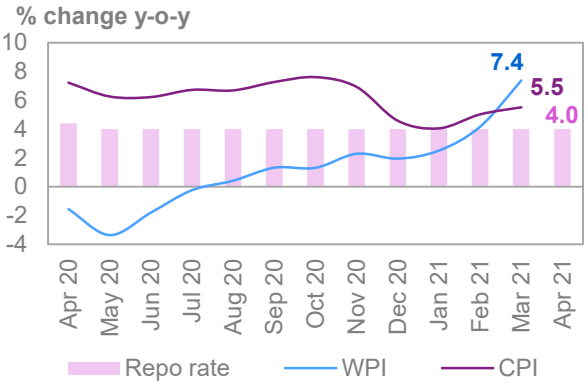
Sources: National Informatics Centre (NIC) and Haver Analytics.

Needless to say, this might push total expenditure to record levels. The fiscal deficit might narrow amid recovery in tax revenue and the SOE's privatising plan. Furthermore, the government might gradually consolidate the public finances in the near future if the anticipated 2H21 recovery materialized. According to official statements, India's fiscal deficit is expected to remain around 6.8% of GDP in the fiscal year (FY) 2021-2022, while it stands at 9.5% of GDP in the period 2Q21-1Q22.

Over the past months of 2021, the RBI kept the policy repo rate to a record low of 4% and RBI might not offer any future cut as the underlying liquidity conditions are already loose and the inflationary pressures are increasing.

Indeed, **consumer price inflation** surged to 5.52% in March of 2021, the highest in 4 months from 5.03% in February, driven mostly by the higher commodity prices and economic recovery. The **current rate** remains below the Reserve Bank of India's upper margin of 6%. Meanwhile, RBI continue maintain ample liquidity to support the government's large borrowing programme which aims to push up the modest economic recovery in 2021.

Graph 3 - 12: Repo rate and inflation in India

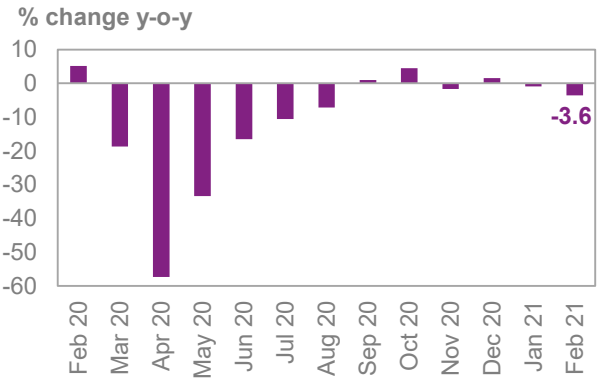


Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

In line with that, in April 2021, RBI committed to buy a specified value of government bonds from the secondary market under what is called "the Government Securities Acquisition Programme (G-SAP)". The (G-SAP) target purchasing a total of about $14 billion of government bonds in the whole of 2020/21. The move might help the Central Bank management of the government-borrowing programme. The anticipated increased in liquidity because of securities buying has been an important factor behind the recent decline in the rupee. However, these RBI efforts may elevate the risk of crowding out private-sector borrowing for the government one.

India's most recent **industrial production** suggested that industrial output shrank 3.6% y-o-y in February 2021, following a drop of 1.6% y-o-y in January 2021 recording the biggest contraction in industrial output since August 2020. This drop partially reflects the fragility of the recovery given the rise in COVID-19 infections in major Indian states. During the April-January period of the 2021 fiscal year, India's factory output contracted 12.2%, compared with 0.5% expansion over the same period in the previous fiscal year.

Graph 3 - 13: India's industrial production

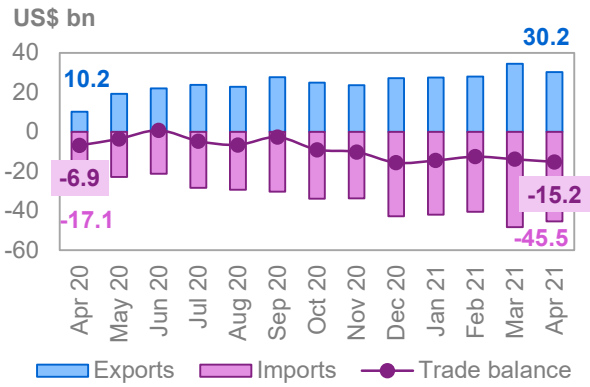


Sources: Ministry of Statistics and Program Implementation of India and Haver Analytics.

Regarding external demand, India's **trade deficit** in goods widened to $15.24 billion in April 2021, from $6.76 billion in April 2020.

Exports rose to $30.21 billion from $10.17 billion in April 2020, while **imports** surged to $45.45 billion from $17.09 billion, as both domestic and foreign demand rebounded from last year's record declines.

Graph 3 - 14: India's trade balance



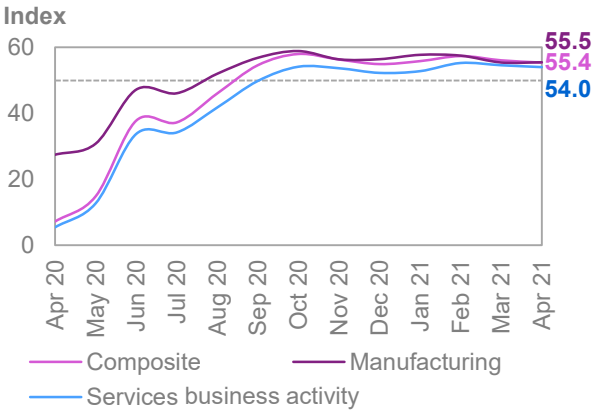
Sources: Ministry of Commerce and Industry and Haver Analytics.

Near-term expectations

India's current situation combined with the slowing vaccination rate might lead to a contraction in 2Q21 amid the introduction of restriction measures. The economy is forecast to resume its recovery in 2H21 under the assumption of the virus being under control through boosted vaccination rates alongside group immunity. Indeed, the government already approved several international vaccines as well as offering funds to domestic vaccines companies to enlarge their vaccine production. Moreover, since May 1, all adults in India became eligible for vaccines.

For the time being, India's **Manufacturing PMI** is little-changed to 55.5 in April from 55.4 in March suggesting a robust improvement in the health of the sector. The current marginal growth attributed to a pick-up in demand and marketing efforts, yet, according to IHS survey, both new orders and output grew at the slowest pace due to the new COVID-19 crisis. Services PMI dropped to 54.0 from 54.6 recording the weakest pace of expansion in the sector since January 2021.

Graph 3 - 15: India's PMIs



Sources: Nikkei, IHS Markit and Haver Analytics.

In **2021 India's economy** is forecast to grow by 9.7% y-o-y, a downside revision from 9.8% in the previous month. Further downside may be applied consisting the COVID-19 risk factors as well as the several other risks including the stressed financial market; rising financial vulnerabilities; limited monetary easing space amid rising inflationary pressures; and concerns about another COVID-19 wave on the global level that would impact external demand.

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

	India
2020	**-7.0**
Change from previous month	0.0
2021	**9.7**
Change from previous month	-0.1

*Note: * 2021 = Forecast.*

Source: OPEC.

Latin America

Brazil

Update on latest developments

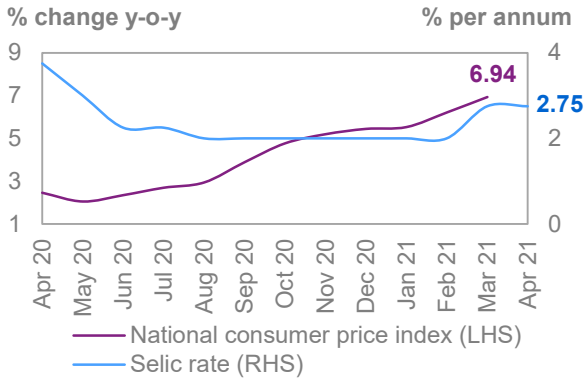
Brazil's economy macroeconomic continue on its slow pace recovery path. However, there are signs of resilience, particularly in the services sector as mobility restrictions ease again. On the consumption front, retail sales returned to growth territory, increasing 2.4% y-o-y in March of 2021. Meanwhile, industrial

production surged to the highest level since June 2010 recording a 10.5% growth y-o-y. However, on a seasonally adjusted month-to-month base, according to IBGE (the national statistics institute), industrial production fell for the second consecutive month by 2.4% amid the rising input supply constraints and weak domestic demand due to the rising in new COVID-19 cases. The unemployment rate (three-month moving average to February) rose to 14.4% from 14.2% in the three months to January 2021. This was the highest jobless rate on a quarterly basis since the three months to September of 2020. The number of unemployed persons increased by 2.9% to 14.42 million. The labour force participation rate rose by 0.2 percentage points to 56.8%.

Overall price levels continue to increase due to a weaker currency, rising COVID-19 infections and high commodity prices. Indeed, the **consumer price index** surged to 6.1% in March 2021, the sharpest increase since December 2016 and remained well above the upper limit of the central bank target of 5.25%.

In response to the uncertainty outlook of the inflation rates, Brazil's central bank raised the **Selic rate** for the second time by another 75-basis point to 3.5% and anticipated a similar rise in June. Earlier, the government approved a new round of support known as the "corona voucher", which should contribute to the economic recovery.

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



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

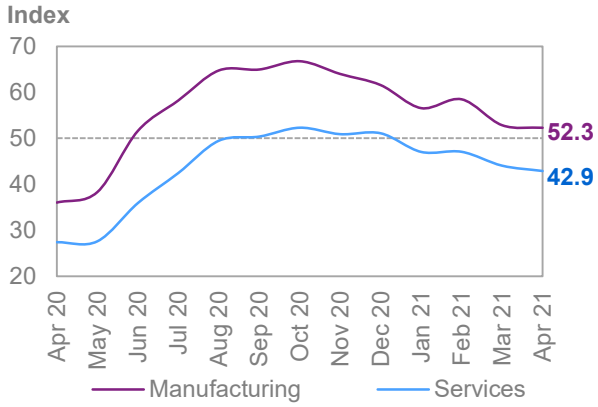
Brazil's **trade surplus** expanded to $10.35 billion in April from $6.00 billion in April 2020. **Exports** rose by 50.5% y-o-y to $26.48 billion. Exports to China rose by 55.1%, the EU by 37.0%, and the US by 33.7%. Similarly, **imports** surged 41.1% y-o-y to $ 16.13 billion. Unsurprisingly, imports came primarily from China 45.8%, EU 32.2%, and the US 16.1%.

Near-term expectations

Recent macroeconomic indicators are highlighting the high uncertainty surrounding Brazil's economic short term outlook. Real GDP is likely to contract in 1Q21, reflecting the recent deterioration in public health conditions.

For now, Brazil's **composite PMI** decreased for the fourth month in a row reflecting the contraction in private manufacturing and services sector activities. Manufacturing PMI drop to 52.3 in April from 52.8 in March while services PMI fell to 42.9 from 44.1 in the previous month. The latest reading pointed to the fourth monthly contraction in private sector activities and the steepest since last July 2020 amid the worsening COVID-19 crisis.

Graph 3 - 17: Brazil's PMIs



Sources: IHS Markit and Haver Analytics.

Nevertheless, the mobility rate is already starting to recover following the relaxation of the recent restrictions. This might lead to a swift recovery in the rest of the year, assuming COVID-19 cases stay under control following the progress in the vaccination roll-out. However, several risks may squeeze the recovery to the downside that include scarcity of doses, the already late vaccination start, and a lack of political coordination as the overall political tensions which continue to weigh on the economic recovery.

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

	Brazil
2020	**-4.1**
Change from previous month	0.0
2021	**3.0**
Change from previous month	0.0

*Note: * 2021 = Forecast.*

Source: OPEC.

Considering these mixed signals, Brazil's 2021 **GDP forecast** is unchanged at 3.0%.

Africa

South Africa

Update on the latest developments

South Africa's economy contracted by 6.9% y-o-y in 2020, following an expansion of 1.5% y-o-y in 2019. The sharpest economic contraction was recorded in the 2Q20 amid the adoption of restrictive containment measures, which certainly slowed down the economy. On the consumption front, more positive data have been released. The retail activities moved to the positive territory. Retail trade rose by 2.3% y-o-y, following an upwardly revised 3.7% y-o-y drop in January recording the first gain in retail activity since March 2020. Meanwhile, like many other countries, the COVID-19 pandemic has presented a number of challenges, one of which is the elevated debt level. The government debt to GDP increased to 83% in 2020 from 62.20% in 2019. Debt may climb even higher to meet the COVID-19 vaccine needs or additional liabilities for the old debt. However, South Africa's budget deficit for the 2020-21 fiscal year was smaller than the government projection as it stood at 11.2% of GDP instead of the projected 12.3%.

The **consumer price index** jumped to 3.2% y-o-y in March of 2021 following 2.9% y-o-y in February, above the central bank lower band of the target range of 3.6%. Inflationary pressure driven mainly by increasing prices of food and non-alcoholic beverages. On a monthly basis, the consumer price index surged 0.7% y-o-y yet unchanged from previous month.

On the labour market end, South Africa's **unemployment rate** increased to 32.5% in the 4Q20 from 30.8% in 3Q20 registering the highest jobless rate since quarterly data became available in 2008. However, over the same comparison period the unemployment rate based on the expanded definition which includes people who have stopped looking for a work, stood at 42.6%, down from 43.1%.

On the policy front, following the commitments made to the International Monetary Fund (IMF) in return for rapid financing, the government's post pandemic plan prioritised investment, job creation and power supply. Meanwhile, the South African Reserve Bank kept its **benchmark repo rate** unchanged at 3.5% at its March 2021 meeting. The central bank raised its 2021 growth forecasts to 3.8% from an earlier 3.6%, but maintained its projections of 2.4% and 2.5% for 2022 and 2023, respectively.

Near-term expectations

An improvement in mobility as measured by the Google Mobility index and a slowdown in new COVID-19 cases were major factors in the first two months of 2020 increased optimism for a faster economic recovery. However the emergence of a new virus variation represents a real threat to the recovery in 2021. Business confidence according to the RMB/BER index dropped to 35 in 1Q21 from 40 in the 4Q20, despite the relaxation of some COVID-19 restrictions. Similarly, South Africa's Absa **Manufacturing PMI** dropped to 56.2 in April from 57.4 in March. Needless to say, this reflects the reliance of the recovery on COVID-19 vaccinations, which is well behind the government's target of reaching herd immunity by the end of 2021.

The 2021 **GDP forecast** kept unchanged from last month at 3.1%. Yet further downside risks exist, highly dependent on the global virus development as well as the domestic vaccination progress.

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

	South Africa
2020	**-7.0**
Change from previous month	0.0
2021	**3.1**
Change from previous month	0.0

*Note: * 2021 = Forecast.*

Source: OPEC.

Russia and Central Asia

Russia

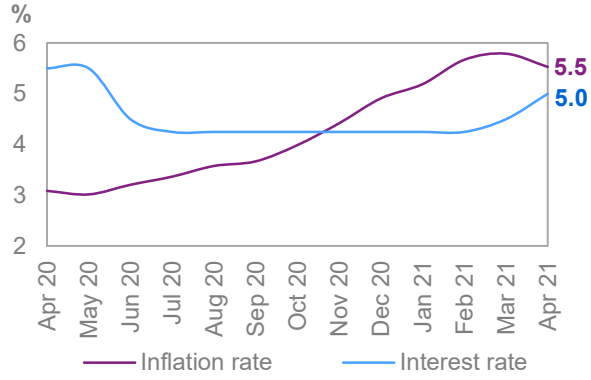
Update on the latest developments

Russia's recent macroeconomic indicators suggest that industrial activities are picking up again, benefitting from the improvement in oil prices supported by DoC decisions. Industrial production expanded 1.1% y-o-y in March of 2021, recording the first gain in 2021. In 1Q21, industrial production shrank 1.2% y-o-y. The labour market also continued improving, with unemployment edged down in March to 5.4% from 5.7% in the previous month. This was the lowest rate since March 2020 but still above pre-pandemic levels. However, retail trade continued slowing down as it dropped 3.4% y-o-y in March 2021, following an upwardly revised 1.5% decline in February amid the pandemic crisis. Retail activity contracted 1.6% y-o-y over the 1Q21 while consumer confidence indicator increased 5 points from the -21 points in 4Q20.

The **inflation rate** slowed to 5.5% in April of 2021 from 5.8% in March. On a monthly basis, consumer prices went up 0.6%, following a 0.7% gain in March. Yet the hike in the inflation rate started last February along with volatility in Russian assets, prompting the CBR to shift to tightening monetary policy by increasing the interest rate twice in its last meeting once by 25bps in March and another 50bps in April, bringing the policy rate to 5%.

On the exchange market, despite the improvement in oil prices, the rubble has been undervalued affected by the political tension with US. However, the rubble undervaluation would be the only channel this tension to translate into an economic effect as it might not lead to a considerable slowdown in the recovery.

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



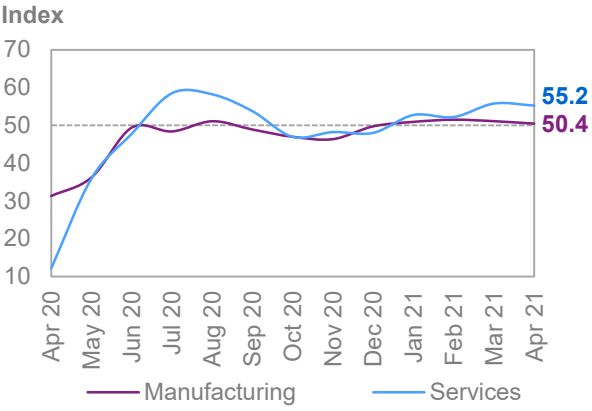
Sources: Federal State Statistics Service, Central Bank of Russia and Haver Analytics.

Near-term expectations

The improvement in oil prices has so far been supportive to Russia's ongoing recovery. Yet, the progress on COVID-19 vaccinations could still be the main factor affecting the short-term economic outlook.

Additionally, the geopolitical tension might add another downside risk that for now translated into a depreciation in the rubble's value. In the meantime, PMI indices reflected the caution dominating the economic climate amid the worsening COVID-19 situation locally and globally. The **manufacturing PMI** declined to 50.4 in April of 2021 from 51.1 in March, which was the weakest reading in 2021 amid the softer output growth and a renewed decline in new orders. Similarly, the **services PMI** declined to 55.2 in April 2021 from 55.8 in the previous month. Yet, both readings indicated that services and manufacturing activities are still in the expansion territory.

Graph 3 - 19: Russia's PMIs



Sources: IHS Markit and Haver Analytics.

Considering the mix of macroeconomic indicators, Russia's **GDP growth** forecast for 2021 remained unchanged at 3.0%.

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

	Russia
2020	**-3.1**
Change from previous month	0.0
2021	**3.0**
Change from previous month	0.0

*Note: * 2021 = Forecast.*

Source: OPEC.

OPEC Member Countries

Saudi Arabia

Saudi Arabia's real GDP shrank by 4.1% y-o-y in 2020 following an expansion of 0.3% y-o-y in 2019; however, the contraction was less severe compared to other advanced and emerging economies. The non-oil sector dropped by 2.7% y-o-y, a relatively smaller drop compared to many other G20 countries amid the relatively small services sector and young population. The substantial drop was in the oil sector, which contracted by 6.7% y-o-y amid the sizable drop in oil prices in 2020. Meanwhile, Saudi Arabia's economy is set for a turnaround in 2021 supported by a noticeable recovery in oil prices and improving conditions for non-oil sectors combined with stimulus policies and the effective containment of COVID-19. The business PMI index rebounded in April, reflecting a strengthening of growth across the non-oil economy. Non-oil private sector activity grew for an eighth consecutive month, and the Kingdom's Purchasing Managers' Index rose to 55.2 in April from 53.3 in March. A further positive outlook is anticipated amid government efforts to achieve greater economic diversification and increased foreign investment supported by the new draft of corporate law and an increased focus on privatizations.

Nigeria

Nigeria's real GDP grew by 0.1% y-o-y in 4Q20, following a 3.6% contraction in 3Q20. This was the first positive quarterly growth in the last three quarters amid the gradual return of economic activities. The non-oil sector expanded 1.7%, recovering from a 2.5% decline in 3Q20, mainly driven by growth in the telecommunications and information services sectors. Other important contributions came from the agricultural sector, which expanded by 3.4% y-o-y in 4Q20. Meanwhile, the oil sector dropped by 19.8% y-o-y after a 13.9% y-o-y contraction in 3Q20. On a quarterly basis, GDP grew by 9.7%, following 12.1% growth in 3Q20. In 2020, the economy contracted 1.9% y-o-y, following a 2.3% y-o-y expansion in 2019. In the meantime, the Stanbic IBTC Bank Nigeria PMI stood at 52.9 in April 2021, unchanged from March. Inflation was still structurally high, with the annual inflation rate jumping to 18.17% in March 2021, the highest rate since January 2017 amid the continued impact of the COVID-19 pandemic that has also weakened the currency. These inflationary pressures might slow the economic recovery in 2021.

The United Arab Emirates (UAE)

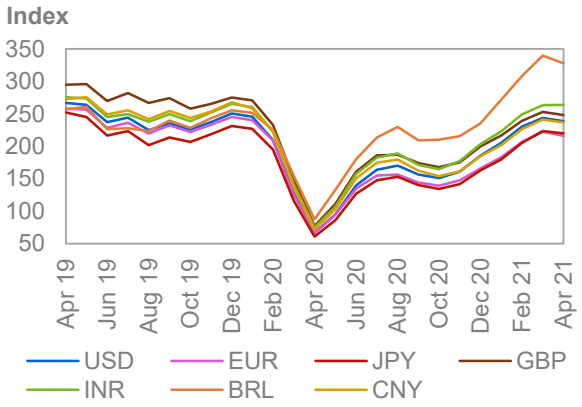
The IHS Markit **UAE** PMI rose to 52.7 in April 2021 from 52.6 in the March. This was the strongest reading since July 2019 amid the expansion in output and business confidence, reflecting a recommencement of economic recovery from the pandemic. The rapid vaccine rollout led to the scaling-back of many domestic restrictions, which improved business sentiment. However, international restrictions, especially on travellers from India, remain in place amid the new variants of the virus. This might affect the ongoing recovery as UAE is a global travel hub and important link for South Asian travellers. Tighter travel restrictions might also have an impact on the UAE's tourism sector, which accounts for about 16% of GDP. This sector is anticipated to pick up this year amid the delayed Dubai Expo 2020 event. Nevertheless, a continued recovery from COVID-19, in addition to large-scale projects, new visa rules and the delay of Expo 2020 are all supporting a strong pick-up in growth in 2H21.

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

The pace of **US dollar (USD)** appreciation against majors during the previous two months stalled in April as interest rates expectations in USD declined during the month. The dollar fell by 0.7% against the euro m-o-m, and by 0.9% against the Swiss franc. However it rose by 0.5% against yen, and by 0.1% against the pound sterling.

The dollar was also mixed against emerging market currencies. It advanced slightly by 0.2% against the Chinese yuan, but it rose strongly against the Indian rupee by 2.3%, in view of the expected increases in liquidity by the Central Bank and concerns about the impact of the ongoing COVID-19 wave of infections. Meanwhile, it increased by 2.3% against the Russian ruble on geopolitical concerns. Against the Brazilian real, it declined by 1.5% on the expectation of a tighter monetary policy by the Central Bank, which materialized at the beginning of May with the second interest rate hike this year. Against the Mexican Peso the dollar declined by 3.4% during the month.

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



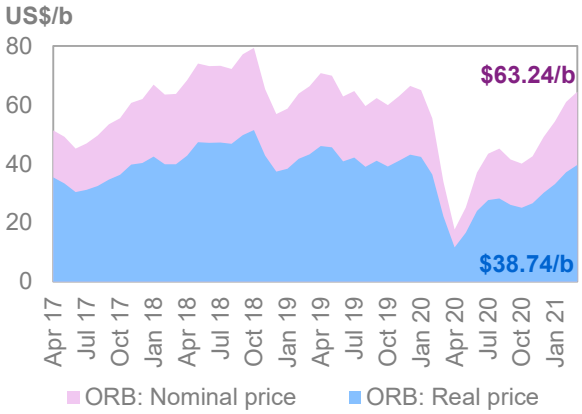
Sources: IMF and OPEC.

In **nominal terms**, the price of the ORB increased by $1.32, or 2.0% from $64.56/b in March to reach $63.24/b in April.

In **real terms**, after accounting for inflation and currency fluctuations, the ORB decreased to $38.74/b from a revised $39.61/b (base June 2001=100) the previous month.

Over the same period, the **USD** declined by 0.2% against the import-weighted modified Geneva I + USD basket, while inflation was relatively stable m-o-m.

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



Source: OPEC.

World Oil Demand

World oil demand is assumed to have contracted by 9.5 mb/d in 2020, unchanged from last month's assessment, and is now estimated to average 90.5 mb/d for the year. OECD oil demand is estimated to have declined by 5.6 mb/d due to a large drop in OECD Americas and Europe, on the back of the COVID-19 pandemic. Similarly, non-OECD oil demand is estimated to have decreased by 3.9 mb/d, led by declines in Other Asia, Middle East and Latin America.

For 2021, world oil demand is expected to increase by 6.0 mb/d, unchanged from last month's estimate, to average 96.5 mb/d. Slower-than-anticipated demand in OECD Americas during the 1Q21 combined with the resurgence in COVID-19 infection cases in India and Brazil caused the 1H21 oil demand data to be downwardly revised. On the other hand, for the 2H21, positive weekly transportation fuels data from the US, and the acceleration in vaccination programs in many regions allows for optimism. The assumed return to normality and improved mobility will also positively influence regions such as the Middle East and Other Asia in 2H21.

In the OECD region, oil demand is anticipated to show a 2.7 mb/d y-o-y increase as oil demand gains traction especially in OECD America, the largest contributor to oil demand growth in 2021. However, oil demand in the region is not anticipated to fully recover from the 2020 decline. Rebounding transportation fuels, mainly gasoline, in addition to healthy light- and middle-distillate requirements are assumed to support the oil demand recovery going forward.

In the non-OECD region, oil demand is estimated to rise by 3.3 mb/d as compared to 2020. Demand growth is anticipated to be driven by China, followed by India and Other Asia. A healthy rebound in economic momentum is anticipated to stimulate industrial fuel demand. Demand for petrochemical feedstock is also projected to support demand growth in 2021.

Similar to last month's assessment, uncertainties remain unusually high particularly due to issues related to COVID-19 developments, including potential increase in infection cases, the emergence of new variants and the acceleration or deceleration of vaccination rollouts. Other factors to be monitored closely over the short term include developments in the global and regional economic outlooks, progress in industrial activity and labor markets and the effect of monetary and fiscal stimulus measures.

World oil demand in 2020 and 2021

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

							Change 2020/19	
	2019	1Q20	2Q20	3Q20	4Q20	2020	Growth	%
World oil demand								
Americas	25.65	24.35	20.01	22.72	23.16	22.56	-3.09	-12.05
of which US	*20.86*	*19.67*	*16.38*	*18.67*	*19.04*	*18.44*	*-2.42*	*-11.60*
Europe	14.25	13.35	11.04	12.85	12.55	12.45	-1.80	-12.65
Asia Pacific	7.79	7.75	6.54	6.70	7.33	7.08	-0.71	-9.12
Total OECD	**47.69**	**45.45**	**37.59**	**42.27**	**43.04**	**42.09**	**-5.60**	**-11.75**
China	13.48	11.34	13.25	13.87	14.28	13.19	-0.29	-2.18
India	4.91	4.84	3.58	4.01	5.15	4.40	-0.52	-10.54
Other Asia	9.04	8.30	7.79	8.11	8.33	8.13	-0.91	-10.06
Latin America	6.59	6.11	5.61	6.20	6.12	6.01	-0.58	-8.83
Middle East	8.20	7.88	6.91	7.94	7.65	7.60	-0.60	-7.37
Africa	4.45	4.37	3.77	3.95	4.28	4.09	-0.35	-7.94
Russia	3.61	3.44	3.04	3.20	3.43	3.28	-0.33	-9.20
Other Eurasia	1.24	1.07	0.99	1.01	1.23	1.07	-0.16	-13.04
Other Europe	0.76	0.71	0.55	0.64	0.69	0.65	-0.12	-15.33
Total Non-OECD	**52.29**	**48.05**	**45.49**	**48.94**	**51.16**	**48.42**	**-3.87**	**-7.40**
Total World	**99.98**	**93.51**	**83.08**	**91.21**	**94.20**	**90.51**	**-9.48**	**-9.48**
Previous Estimate	99.98	93.51	83.08	91.21	94.20	90.51	-9.48	-9.48
Revision	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20 Growth	Change 2021/20 %
World oil demand								
Americas	22.56	23.54	24.45	24.69	24.75	24.37	1.80	8.00
of which US	*18.44*	*19.18*	*19.86*	*20.24*	*20.45*	*19.94*	*1.50*	*8.12*
Europe	12.45	12.12	12.71	13.59	13.74	13.05	0.60	4.81
Asia Pacific	7.08	7.54	7.18	7.17	7.55	7.36	0.28	3.98
Total OECD	**42.09**	**43.19**	**44.34**	**45.45**	**46.04**	**44.78**	**2.69**	**6.38**
China	13.19	12.95	14.27	14.93	15.05	14.30	1.11	8.43
India	4.40	4.94	4.29	4.68	5.61	4.88	0.49	11.10
Other Asia	8.13	8.33	8.96	8.57	8.59	8.61	0.48	5.92
Latin America	6.01	6.15	6.16	6.46	6.40	6.29	0.28	4.67
Middle East	7.60	7.87	7.62	8.45	7.97	7.98	0.38	5.06
Africa	4.09	4.41	3.97	4.18	4.49	4.26	0.17	4.10
Russia	3.28	3.57	3.37	3.37	3.58	3.47	0.19	5.93
Other Eurasia	1.07	1.18	1.19	1.14	1.28	1.20	0.12	11.31
Other Europe	0.65	0.70	0.62	0.68	0.74	0.68	0.04	5.82
Total Non-OECD	**48.42**	**50.10**	**50.45**	**52.45**	**53.70**	**51.69**	**3.27**	**6.75**
Total World	**90.51**	**93.29**	**94.79**	**97.90**	**99.74**	**96.46**	**5.95**	**6.58**
Previous Estimate	90.51	93.43	95.09	97.75	99.45	96.46	5.95	6.58
Revision	0.00	-0.14	-0.30	0.15	0.29	0.00	0.00	0.00

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

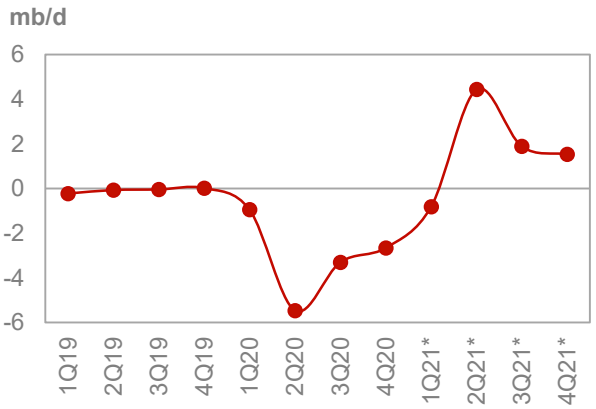
OECD

OECD Americas

Update on the latest developments

Stagnating gasoline demand in **OECD Americas** led to a decline of more than 3.1 mb/d, y-o-y, in **February 2021** for all petroleum products. This is compared to a loss of nearly 2.2 mb/d y-o-y in January and around 3.2 mb/d lower than in February 2019. Gasoline demand was largely impacted by reduced mobility in the US and to lesser extent in Canada and Mexico. Gasoline demand continued to show a 1.6 mb/d y-o-y contraction in February after recording a similar decline in January. Jet fuel demand was also steeply in negative territory, impacted by reduced international travel across all of OECD Americas region. Jet fuel was down by 0.6 mb/d, y-o-y, in February following a decline of 0.7 mb/d, y-o-y, in January.

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



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

Sluggish transportation fuel consumption negatively impacted **US** oil demand in **February 2021**. Gasoline and jet fuel dropped by 1.8 mb/d, y-o-y, after declining by around 1.7 mb/d, y-o-y, in January. Reduced mobility due to partial closure of restaurants, cinemas and leisure centres in a number of states as well as a cold snap in the state of Texas limited transportation fuel demand. The vehicles miles of travel indicator fell by 12.1%, following a decline of 11.3% in January, according to the Federal Highway Administration. Furthermore, the COVID-19 pandemic continued to force changes to airline schedules and operations during the month of February, affecting jet fuel demand. According to the Bureau of Transportation Statistics airlines reported around 350,000 scheduled domestic flights in February following around 379,000 flights in January and more than 623,000 flights in February of last year and the all-time monthly low of 180,151 flights in May 2020. Out of the 350,000 flights scheduled in February, more than 20 thousand flights were cancelled. Jet fuel demand lingered around a decline of more than 0.5 mb/d y-o-y in February almost matching January's drop. Diesel's

performance has been steady over the December-to-February period, dropping by around 0.1 mb/d y-o-y. However, on-road diesel, including trucking diesel, posted solid y-o-y gains driven by steady trading and industrial activities. According to Federal Reserve Board, the US industrial production index recorded 104.1 in February after posting 106.9 in January.

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

			Change 2021/20	
	Feb 21	Feb 20	mb/d	%
By product				
LPG	2.70	3.22	-0.52	-16.2
Naphtha	0.13	0.17	-0.05	-26.2
Gasoline	7.74	8.97	-1.22	-13.6
Jet/kerosene	1.12	1.66	-0.54	-32.2
Diesel	3.95	4.01	-0.06	-1.6
Fuel oil	0.26	0.15	0.11	72.7
Other products	1.84	1.95	-0.12	-5.9
Total	**17.73**	**20.13**	**-2.40**	**-11.9**

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

Sources: EIA and OPEC.

Near-term expectations

As new daily COVID-19 infection cases in the US continued to fall from the January-February peak, mobility is assumed to gain momentum as April weekly data showed strong gasoline demand growth according to preliminary weekly EIA data. The latest data show that driving has risen to matching levels to 2019 owing to speedy vaccination rates. Going forward, supported by a rise in mobility during the summer driving season, higher vaccination rates in the US and large stimulus measures are assumed to help economic activity rebound strongly supporting demand for petroleum products in the 2H21. COVID-19 related developments and the speed of the vaccination rollout provide reasons for the positive outlook for the reminder for 2021. Nevertheless, uncertainties remain across many sectors, particularly the aviation sector, depending on the extent of COVID-19 containment measures and how fast the herd immunity targets are reached. Developments in the overall economy and positive progress in the labor market will provide an upward momentum to the outlook, particularly for the recovery in gasoline demand. In 2021, gasoline and diesel demand are anticipated to see a rise, as well as light distillates, on the back of a healthy petrochemical sector. Conversely, efficiency gains and substitution programs are assumed to limit demand for oil petroleum product demand in the transportation sector.

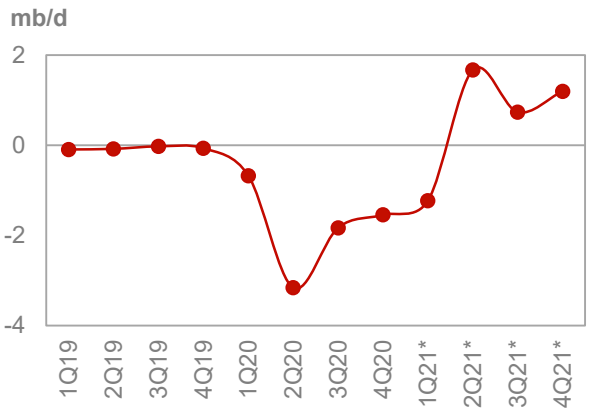
OECD Europe

Update on the latest developments

Oil demand in **OECD Europe** showed a drop of 1.8 mb/d y-o-y in **February 2021** following a 2.4 mb/d y-o-y fall in January. Compared to pre-pandemic levels in February 2019, oil demand showed a decrease of 1.6 mb/d.

Jet fuel led declines, falling by 0.8 mb/d, y-o-y, compared to a drop of 0.7 mb/d, y-o-y, in January. Aviation activity remained around 50% below pre-COVID-19 levels mostly impacting international flights which has the highest jet fuel consuming trips. Similar trends can be observed in road transportation fuels. Despite improving m-o-m mobility indicators, February showed a remarkable decrease when compared to pre-pandemic levels. This has impacted on-road diesel and gasoline consumption which shrunk by around 1.0 mb/d y-o-y cumulatively. Furthermore, new passenger car registrations remained weak in February as data indicates a decline of 19.3% following a drop of 24.2% in January, according to the Association des Constructeurs Europeens d'Automobiles.

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



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

From the positive side, naphtha continues to post steady gains to record a y-o-y increase of 0.2 mb/d y-o-y after recording a similar increase in the month before. Demand for petrochemical feedstock was supported by steady demand for plastics in the healthcare sector and for packaging materials. Expansion in steam-cracking capacity also supported demand. Fuel oil demand increased marginally in February, while the decline in industrial diesel improved to 0.1 mb/d, y-o-y, in February, from a nearly 0.4 mb/d y-o-y drop in January. Industrial production (excluding construction), as reported by Eurostat and Haver Analytics, dropped to 103.8 in February compared to 104.7 in January. In terms of individual countries, Germany's oil demand recovered the most, with a decline of 0.3 mb/d y-o-y in February compared to a more than 0.5 mb/d y-o-y drop in January.

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

			Change 2021/20	
	Feb 21	Feb 20	mb/d	%
By product				
LPG	0.45	0.47	-0.02	-3.2
Naphtha	0.58	0.58	0.00	0.7
Gasoline	0.84	1.15	-0.31	-26.7
Jet/kerosene	0.37	0.84	-0.47	-56.1
Diesel	3.22	3.33	-0.11	-3.4
Fuel oil	0.15	0.16	-0.01	-3.7
Other products	0.39	0.43	-0.04	-10.3
Total	**6.01**	**6.96**	**-0.95**	**-13.7**

*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

Going forward, the distorted level of consumption from March 2020 onward will likely show positive demand growth for the rest of 2021. Hence, oil demand in OECD Europe is projected to flip to growth in 2Q21 but remains categorized as weak when compared to pre-CODID-19 levels. Furthermore, uncertainties surrounding the outlook are unusually high despite a pickup in vaccination programs. COVID-19 third waves in many countries in the region have entailed full and partial shutdowns of businesses and daily activities. For the 2H21, oil demand projections account for a strong rebound in OECD Europe economic activities, supported by stimulus programs and an uptick in the speed of the vaccination rollout leading to a steady acceleration in industrial production, and improved mobility. Subsequently, demand is anticipated to increase steadily in 2021 driven by transportation fuels, coming from a low base in 2020, and by industrial fuels, in main consuming countries in the region.

OECD Asia Pacific

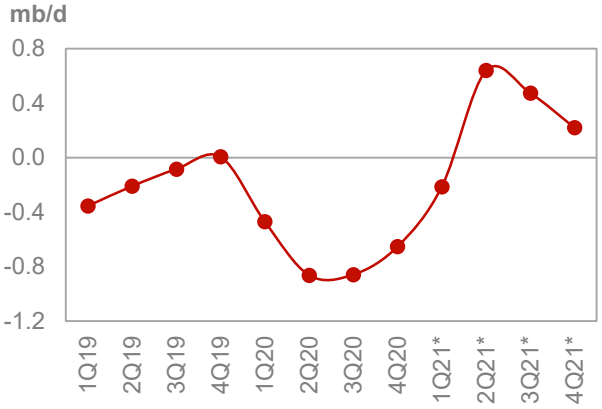
Update on the latest developments

Despite oil demand flipping to growth in Japan and South Korea, oil demand in **OECD Asia Pacific** continued to show a decline in **February 2021**, mainly due to steep drops in Australian oil requirements.

Oil demand fell by a marginal 0.04 mb/d, y-o-y, in OECD Asia Pacific compared to a much larger decline in January of more than 0.5 mb/d, y-o-y. In contrast with February 2019, oil demand was lower by nearly 0.7 mb/d, y-o-y, indicating that the region is far below pre-pandemic levels. Transportation fuels showed y-o-y declines, especially jet kerosene and gasoline, while diesel posted gains and naphtha's decline levels improved considerably.

Demand for jet fuel registered a drop of 0.2 mb/d, y-o-y, and continued to be impacted by reduced international flights particularly in Australia where jet fuel requirements recorded y-o-y losses of 0.1 mb/d in February.

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



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

Jet kerosene demand fell in Japan and South Korea by around a cumulative 0.1 mb/d, y-o-y, following similar drop in February.

In **South Korea**, demand for light distillates flipped to growth after seven months of consecutive y-o-y declines. Both LPG and naphtha posted gains amid the return of steam crackers from planned and unplanned shutdowns.

Initial **Japanese** oil demand data for the month of March show an increase of 0.2 mb/d y-o-y compare to a 0.01 mb/d y-o-y rise in February, as reported by Japan's Ministry of Economy, Trade and Industry (METI). Demand for most products grew, y-o-y, with exception to jet/kerosene and diesel which fell y-o-y.

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

			Change 2021/20	
	Mar 21	Mar 20	mb/d	%
By product				
LPG	0.39	0.37	0.01	3.7
Naphtha	0.76	0.63	0.12	19.6
Gasoline	0.77	0.76	0.01	1.0
Jet/kerosene	0.43	0.49	-0.05	-11.0
Diesel	0.76	0.77	-0.01	-1.0
Fuel oil	0.26	0.22	0.04	18.8
Other products	0.35	0.30	0.05	16.2
Total	**3.71**	**3.54**	**0.17**	**4.9**

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

Sources: JODI, METI and OPEC.

Near-term expectations

Going forward, OECD Asia Pacific is anticipated to increase y-o-y but remain below 2019 levels. This increase is based on assumptions of lower demand recorded in 2020 and an improving GDP outlook. Uncertainties are still high – especially related to the COVID-19 infection numbers and the vaccination rollouts – and will affect oil demand projections especially in 2Q21. At the same time, the recent resurgence in COVID-19 infection cases in Japan is assumed to marginally impact fuel consumption in the 2Q21 compared to last month's assessment.

For the 2H21, the outlook for oil demand will benefit from healthy consumption of petrochemical feedstock and developing industrial activity compared to last year. For transportation fuels, gasoline will be on the path of recovery supported by increased mobility while jet fuel requirements in the aviation sector will be impacted by a reduced level of international business and leisure travel.

Non-OECD

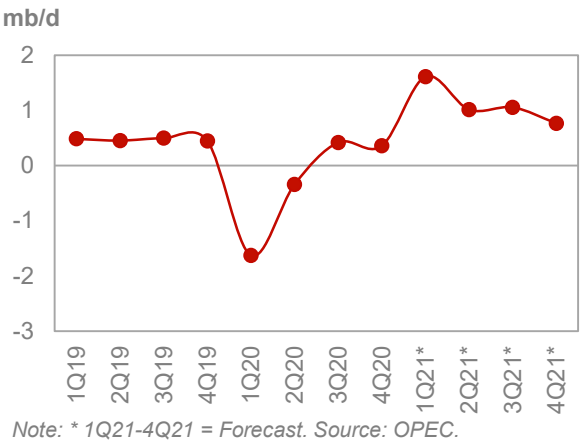
China

Update on the latest developments

China's oil demand is estimated to have increased by more than 2.1 mb/d, y-o-y, in **March 2021** after growth of 2.5 mb/d, y-o-y, in February. When compared to March 2019, demand showed an increase of around 0.1 mb/d with all products posting gains with the exception of jet fuel and fuel oil which decreased by around 0.2 mb/d collectively, when compared to the same period in 2019.

The bulk of y-o-y increases in March are attributed to solid gains in gasoline, diesel and jet fuel requirements. Gasoline demand registered an increase of around 0.6 mb/d, y-o-y, in March, in line with improvements in driving activity in the country and an ease in restrictions measures after the Lunar New Year holidays.

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



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

Furthermore, passenger car sales, according to China's Association of Automobile Manufacturers, have posted sales figures at around 1.8 million units in March, compared to 1.0 million units of sales in March 2020 and almost on par with March 2019 passenger cars sales of around 1.9 million units.

Diesel also posted strong gains of over 0.5 mb/d, y-o-y, in March, although lower than the growth posted in February of around 0.8 mb/d, y-o-y. Those increases were driven by steady developments in manufacturing activities with the Caixin China General Manufacturing PMI registering 50.6 in March, following 50.9 in February. On the other hand, services PMI increased to a three-month high of 54.3 in March following 51.5 in February, driven by domestic demand, with new orders growing the most since December of last year. Jet fuel demand in March rose by 0.5 mb/d, y-o-y, after gaining 0.3 mb/d, y-o-y, in February as domestic flights returned to pre-pandemic levels. Conversely, international flight operations remained nearly 60% below pre-COVID-19 levels, a considerable hurdle for a full recovery in jet fuel demand.

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

			Change 2021/20	
	Mar 21	Mar 20	mb/d	%
By product				
LPG	2.16	1.85	0.31	16.5
Naphtha	1.33	1.22	0.11	8.9
Gasoline	3.10	2.55	0.55	21.7
Jet/kerosene	0.81	0.36	0.46	126.8
Diesel	3.44	2.94	0.51	17.3
Fuel oil	0.50	0.40	0.10	25.4
Other products	1.62	1.51	0.11	7.4
Total	**12.95**	**10.81**	**2.14**	**19.8**

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

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

Near-term expectations

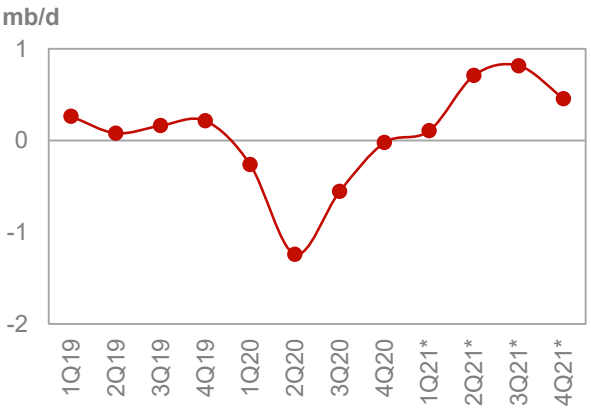
Oil demand growth is projected to continue increasing in 2Q21 and 2H21, and has posted large annualized growth in so far in 2021, mainly driven by healthy economic momentum and a low baseline of comparison. Demand in China is projected to exceed 2019 levels. All economic sectors exhibit respectable gains led by the transportation, petrochemical and industrial sectors. Gasoline demand will be driven by developments in the economy, rising vehicle sales compared to 2020, and improving vehicles miles travelled. Diesel demand is projected to show growth in 2021 in line with developments in industrial, construction and agriculture activities as well as due to the low baseline in 2020. Furthermore, LPG and naphtha demand is assumed to register gains, amid healthy petrochemical margins and capacity developments.

India

Update on the latest developments

Oil consumption in India grew by 0.7 mb/d, y-o-y, in **March 2021**, posting gains for the first time since October 2020 and after showing a drop for more than 0.2 mb/d, y-o-y, in February. When compared to pre-COVID-19 March 2019 levels, demand declined by about 0.1 mb/d. Most product categories registered healthy growth, with diesel and gasoline increasing the most. Diesel demand picked up compared to last year, recording y-o-y growth of around 0.4 mb/d. Manufacturing PMI recorded 55.4 in March following a strong 57.5 showing in February, according to IHS Markit survey.

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



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

Another indicator for diesel demand is domestic tractor sales which posted solid gains in 1Q21 of more than 45% compared to the same period in 2020. March gasoline demand data flipped into positive, showing an

increase of around 0.2 mb/d y-o-y following a marginal decline in February. Additionally, vehicle sales grew significantly in March 2021 due to a low base month in March 2020, as the Indian government imposed a nationwide lockdown keeping consumers away from dealerships. In March of the current year, vehicle sales increased by nearly 77% compared to March 2020, according to figures by the Society of Indian Automobile Manufacturers (SIAM). A total of 18.2 million units of vehicles were sold in March 2021, compared to 10.3 million units in March 2020. The passenger vehicle segment increased by 115% to 2.9 million units in March 2021 from 1.4 million units in March 2020.

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

			Change 2021/20	
	Mar 21	Mar 20	mb/d	%
By product				
LPG	0.88	0.90	-0.01	-1.4
Naphtha	0.42	0.41	0.01	3.3
Gasoline	0.80	0.64	0.16	25.0
Jet/kerosene	0.19	0.19	0.00	-0.6
Diesel	1.78	1.38	0.39	28.6
Fuel oil	0.25	0.24	0.01	5.3
Other products	0.50	0.38	0.12	31.1
Total	**4.83**	**4.14**	**0.69**	**16.6**

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

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

Near-term expectations

India's 2Q21 oil demand is projected to be impacted be the recent surge in COVID-19 infection cases. Recent mobility data show weakness in performance towards the end of April and this is anticipated to last well into the month of May and possibly June putting the whole 2Q21 oil demand performance in check. However, some support might emerge from increased usage of private vehicles over public transportation which could cap declines in transportation fuels demand. While 2Q21 product demand has been adjusted lower than previously anticipated, projections will depend on many factors that will affect the magnitude of the impact on the demand. These include government containment measures which are projected to be localised and targeting specific regions, the speed of vaccination rollouts and their positive impact on reducing hospitalization and death rates, and lastly how quickly the population will adapt to COVID-19 measures. At the same time, anticipated positive developments in the economic outlook, especially in 2H21, and the consequent improvement in several sectors, primarily transportation and industrial sectors, point to solid growth in oil demand in 2021. This forecast is based on the assumption of a positive baseline impact of 2020, stimulus measures taken by the government to encourage private consumption and investment, and a pickup in vaccination rollouts towards the 2H21. However, uncertainties will remain high especially in the 2Q21 due to COVID-19 related developments.

Latin America

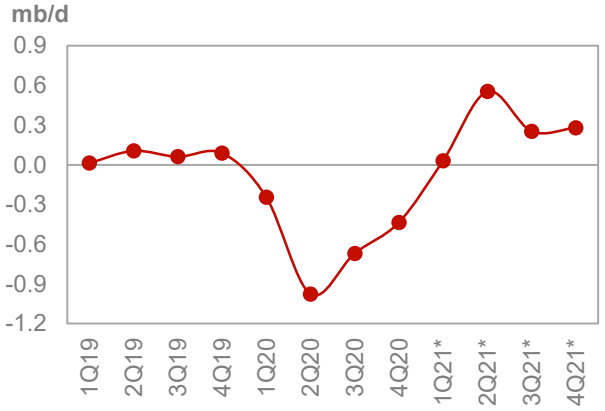
Update on the latest developments

In **February 2021**, oil demand shrunk by more than 0.1 mb/d y-o-y in **Latin America**, after posting similar drops in January. Transportation fuels are the main cause of the decline amid restriction policies to control the high spread of COVID-19 cases in various countries in the region. Jet fuel and gasoline continued declining largely due to a reduction in mobility. Transportation fuels registered a cumulative drop of 0.2 mb/d y-o-y, in February compared to a decline of around 0.1 mb/d, y-o-y, in January.

In terms of countries, demand declined the most in **Brazil**, falling around 0.1 mb/d, y-o-y, in February. Most of the decline was due to slower transportation requirements as both gasoline and jet fuel fell y-o-y. The Government's decision to delay this year's carnival festivities together with COVID-19 containment measures in certain parts of the country contributed to the decline.

Consequently, both fuels dropped by a combined 0.1 mb/d y-o-y in February, following a decline of around 0.05 mb/d in January. Additionally, vehicle registrations showed a decrease of around 17.0% y-o-y in February, lower than the 11.9% y-o-y drop recorded in January. Data are as reported by Associacao Nacional dos Fabricantes de Veiculos Automoto.

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



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

Diesel demand grew marginally in Brazil, supported by positive developments in manufacturing activity. Brazil's Manufacturing PMI recorded 58.4 in February, after posting 56.5 in January, according to IHS market data.

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

			Change 2021/20	
	Mar 21	Mar 20	mb/d	%
By product				
LPG	0.24	0.24	0.00	-1.3
Naphtha	0.14	0.15	0.00	-2.0
Gasoline	0.57	0.55	0.02	4.5
Jet/kerosene	0.06	0.09	-0.03	-30.5
Diesel	1.11	0.96	0.16	16.6
Fuel oil	0.09	0.09	0.01	7.9
Other products	0.44	0.43	0.02	3.6
Total	**2.66**	**2.49**	**0.17**	**7.0**

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

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

Near-term expectations

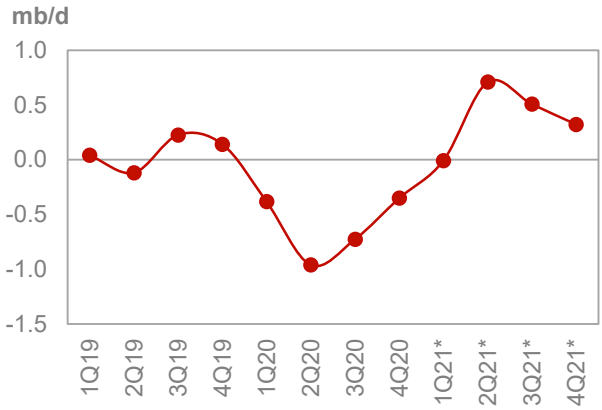
For 2Q21, oil demand is estimated to be under pressure owing to rising COVID-19 infection cases in Brazil, Peru and Colombia, and given the potential need for larger scale lockdowns coupled with the high uncertainty regarding economic developments, particularly Brazil's. As a result, transportation fuels led by gasoline and jet fuel will face difficulties in returning to growth in the 2Q21. Diesel and fuel oil consumption are projected to show signs of improvement most likely towards the 2H21. In 2H21, oil demand is estimated to gain momentum on the back of a recovering economy and low base line of comparison in 2020. Furthermore, the considerable uncertainties will remain skewed to the downside, particularly due to issues related to COVID-19 cases, vaccination programs and the possible appearance of new variants. On the economic front, government stimulus measures, high unemployment, and currency challenges are issues to monitor closely going forward. In terms of countries, Brazil is anticipated to provide support to the oil demand recovery in 2021, as transportation fuel demand is projected to pick up pace in the 2H21. From a products point of view, diesel and transportation fuels are projected to lead growth in 2021.

Middle East

Update on the latest developments

Oil demand in the **Middle East** declined by 0.3 mb/d, y-o-y, in **February 2021**, following a drop of more than 0.5 mb/d, y-o-y, in January. The contraction in oil requirements in February 2021 is 0.5 mb/d lower than February 2019 level. Sluggish improvements in mobility, social distancing policies, and a trend toward home schooling and teleworking have all contributed negatively to oil demand performance in the Middle East in February. In terms of countries, Saudi Arabia and Iraq accounted for most of the y-o-y declines as both countries dropped 0.4 mb/d y-o-y. On the product side, gasoline, jet fuel and diesel led the declines in the region falling by around 0.2 mb/d y-o-y collectively, after posting matching declines in January.

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



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

Despite some improvement in mobility in the region, gasoline demand continued to decline y-o-y, largely due reduced mobility compared to the same period in 2019. The policy of home schooling in **Saudi Arabia**, for example, remained in place adversely impacting demand for gasoline in the country. Jet fuel fell y-o-y as the reduction in international flights continued in February, limiting jet fuel demand.

Near-term expectations

Going forward, oil demand is estimated to pick up pace in 2Q21 and show increases y-o-y. These increases are projected to last until year-end, propelled by the steep decline in demand in 2020. Easing restriction measures are accounted for in the current outlook which in turn will provide support to transportation fuel demand. However, it is worth mentioning that the risk of a resurgence in COVID-19 infection cases is still high which might slow the recovery process especially in the 2Q21. As mentioned in last month's MOMR, Saudi Arabia's PMI showed steady growth in non-oil private sectors, despite dropping to 53.3 in March from 53.9 in February reflecting the impact of a new wave of COVID-19 infections. This in turn will impact 2Q21 industrial fuel demand. Effective COVID-19 vaccination programs in addition to the recovery in oil prices will provide an upside potential to oil demand. Furthermore, progress in infrastructure projects and an uptick in power generation requirements should also support the expected upside momentum. On the other hand, any additional measures in response to a strong wave of COVID-19 infection cases will provide a downside risk to oil demand in the near term. In the Middle East region as a whole, relaxation in restriction measures are estimated to support overall oil demand, especially for gasoline and industrial fuels.

World Oil Supply

Non-OPEC liquids supply for 2020 is estimated to have declined by 2.52 mb/d y-o-y to average 62.89 mb/d. US crude and condensate output declined by 0.9 mb/d y-o-y to average 11.3 mb/d, while liquids production dropped by 0.8 mb/d y-o-y to average 17.62 mb/d. Oil supply also declined in Russia by 1.0 mb/d, to average 10.59 mb/d. Moreover, production declined in Canada, Colombia, Kazakhstan, Malaysia, the UK and Azerbaijan, while oil supply is estimated to have increased in Norway, Brazil, China and Guyana.

Non-OPEC liquids supply in 2021 was revised down this month by 0.23 mb/d to average 63.60 mb/d, mainly due to the huge outages of 2.2 mb/d in US liquids production in February, following the drastic freeze in Texas and elsewhere, and is now forecast to grow by 0.70 mb/d y-o-y. Moreover, the supply forecast in Norway was also revised down by 0.08 mb/d due to large outages because of seasonal maintenance in 2Q and 3Q21. The main drivers for supply growth for 2021 are expected to be Canada, Brazil, China, and Norway, while the US will decline by 0.07 mb/d, y-o-y. Investment in exploration and production (E&P) in the oil and gas sector of non-OPEC countries is most likely to remain flat y-o-y at $311 billion because many projects were delayed or put on hold from last year and US shale producers continue to demonstrate spending discipline. E&P investment declined in 2020 by 29%, similar to declines in 2015 and 2016 of 28% and 27%, when North Sea Dated collapsed from an average of $99/b in 2014 to around $52/b and $44/b, respectively.

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

OPEC crude oil production in April was up by 0.03 mb/d m-o-m to average 25.08 mb/d, according to secondary sources. Non-OPEC liquids output including OPEC NGLs in April fell by 0.18 mb/d m-o-m to average 67.97 mb/d, down by 1.16 mb/d, y-o-y. As a result, global oil supply decreased in April by 0.15 mb/d m-o-m to average 93.06 mb/d, down by 6.45 mb/d y-o-y.

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

Non-OPEC liquids production	2020	Change 2020/19	2021	Change 2021/20
Americas	24.72	-1.05	24.94	0.22
of which US	*17.62*	*-0.80*	*17.55*	*-0.07*
Europe	3.91	0.20	3.95	0.04
Asia Pacific	0.53	0.01	0.54	0.01
Total OECD	**29.16**	**-0.84**	**29.43**	**0.27**
China	4.12	0.07	4.21	0.09
India	0.77	-0.06	0.75	-0.02
Other Asia	2.51	-0.18	2.48	-0.03
Latin America	6.06	-0.03	6.28	0.23
Middle East	3.17	-0.03	3.22	0.04
Africa	1.41	-0.08	1.35	-0.07
Russia	10.59	-1.02	10.61	0.02
Other Eurasia	2.91	-0.16	2.97	0.05
Other Europe	0.12	0.00	0.11	-0.01
Total Non-OECD	**31.66**	**-1.49**	**31.97**	**0.31**
Total Non-OPEC production	**60.82**	**-2.33**	**61.40**	**0.58**
Processing gains	2.07	-0.19	2.20	0.13
Total Non-OPEC liquids production	**62.89**	**-2.52**	**63.60**	**0.70**

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

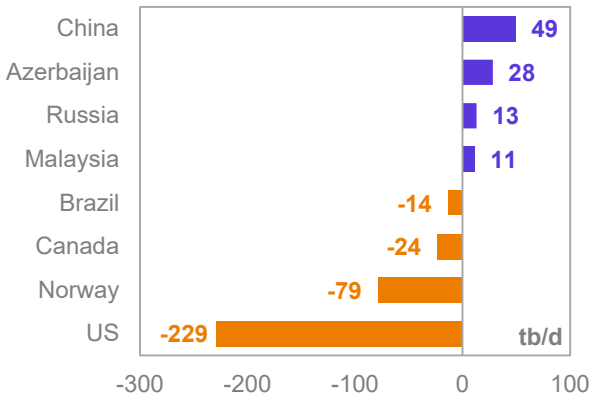
Main monthly revisions and key drivers of growth and declines

Non-OPEC liquids absolute supply in 2021 was revised down by 0.23 mb/d to average 63.60 mb/d, and is now forecast to grow by 0.70 mb/d (including processing gains of 0.13 mb/d). While the oil supply growth forecasts were revised down mainly in the US (229 tb/d), Norway (79 tb/d), Canada (24 tb/d), and Brazil (14 tb/d), the oil supply forecast was revised up in China (49 tb/d), other Eurasia (13 tb/d) and Malaysia (9 tb/d).

Liquids supply declines in **non-OPEC countries** in **2020** totalled 2.52 mb/d, mainly in Russia, the US, Canada, Colombia, Kazakhstan, the UK, Malaysia, Azerbaijan, India and Ecuador,

For **2021**, oil supply is expected to grow by 0.70 mb/d and the key drivers for growth are Canada, Brazil, China, Norway, Ecuador, Azerbaijan, Qatar, Guyana and other OECD Europe, while oil production mainly in the US, the UK, and Sudans is forecast to decline.

Graph 5 - 1: Annual liquids production changes for selected countries in 2021*, MOMR May 21/Apr 21



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

Non-OPEC liquids production in 2020 and 2021

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

Non-OPEC liquids production	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19 Growth	Change 2020/19 %
Americas	25.77	26.59	23.55	24.10	24.65	24.72	-1.05	-4.08
of which US	*18.43*	*19.05*	*16.81*	*17.34*	*17.30*	*17.62*	*-0.80*	*-4.35*
Europe	3.71	4.05	3.90	3.80	3.89	3.91	0.20	5.32
Asia Pacific	0.52	0.53	0.54	0.54	0.52	0.53	0.01	1.61
Total OECD	**30.01**	**31.17**	**27.99**	**28.43**	**29.06**	**29.16**	**-0.84**	**-2.82**
China	4.04	4.13	4.12	4.13	4.08	4.12	0.07	1.76
India	0.82	0.79	0.76	0.76	0.76	0.77	-0.06	-6.74
Other Asia	2.69	2.61	2.47	2.46	2.50	2.51	-0.18	-6.70
Latin America	6.09	6.35	5.83	6.14	5.91	6.06	-0.03	-0.51
Middle East	3.20	3.19	3.20	3.15	3.17	3.17	-0.03	-0.83
Africa	1.50	1.44	1.44	1.40	1.37	1.41	-0.08	-5.51
Russia	11.61	11.68	10.38	10.01	10.31	10.59	-1.02	-8.78
Other Eurasia	3.07	3.16	2.92	2.73	2.85	2.91	-0.16	-5.13
Other Europe	0.12	0.12	0.12	0.11	0.11	0.12	0.00	-3.27
Total Non-OECD	**33.14**	**33.46**	**31.23**	**30.90**	**31.06**	**31.66**	**-1.49**	**-4.48**
Total Non-OPEC production	63.15	64.63	59.22	59.34	60.12	60.82	-2.33	-3.69
Processing gains	2.26	2.15	1.85	2.15	2.15	2.07	-0.19	-8.47
Total Non-OPEC liquids production	**65.42**	**66.77**	**61.07**	**61.48**	**62.27**	**62.89**	**-2.52**	**-3.86**
Previous estimate	65.42	66.77	61.07	61.48	62.27	62.89	-2.52	-3.86
Revision	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

Non-OPEC liquids production	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20 Growth	Change 2021/20 %
Americas	24.72	24.07	24.58	25.24	25.86	24.94	0.22	0.89
of which US	*17.62*	*16.61*	*17.49*	*17.79*	*18.30*	*17.55*	*-0.07*	*-0.40*
Europe	3.91	4.01	3.78	3.93	4.07	3.95	0.04	1.01
Asia Pacific	0.53	0.51	0.56	0.55	0.55	0.54	0.01	1.92
Total OECD	**29.16**	**28.59**	**28.92**	**29.72**	**30.48**	**29.43**	**0.27**	**0.93**
China	4.12	4.25	4.20	4.21	4.18	4.21	0.09	2.27
India	0.77	0.76	0.75	0.74	0.73	0.75	-0.02	-2.62
Other Asia	2.51	2.51	2.46	2.47	2.46	2.48	-0.03	-1.27
Latin America	6.06	5.96	6.32	6.33	6.52	6.28	0.23	3.75
Middle East	3.17	3.19	3.20	3.23	3.24	3.22	0.04	1.29
Africa	1.41	1.37	1.36	1.34	1.32	1.35	-0.07	-4.84
Russia	10.59	10.47	10.66	10.66	10.66	10.61	0.02	0.21
Other Eurasia	2.91	2.97	2.94	2.98	2.98	2.97	0.05	1.78
Other Europe	0.12	0.11	0.11	0.11	0.11	0.11	-0.01	-6.92
Total Non-OECD	**31.66**	**31.59**	**32.01**	**32.06**	**32.20**	**31.97**	**0.31**	**0.97**
Total Non-OPEC production	60.82	60.17	60.93	61.78	62.68	61.40	0.58	0.95
Processing gains	2.07	2.20	2.20	2.20	2.20	2.20	0.13	6.17
Total Non-OPEC liquids production	**62.89**	**62.37**	**63.13**	**63.98**	**64.88**	**63.60**	**0.70**	**1.12**
Previous estimate	62.89	62.79	63.06	64.19	65.23	63.83	0.93	1.48
Revision	0.00	-0.42	0.07	-0.21	-0.35	-0.23	-0.23	-0.36

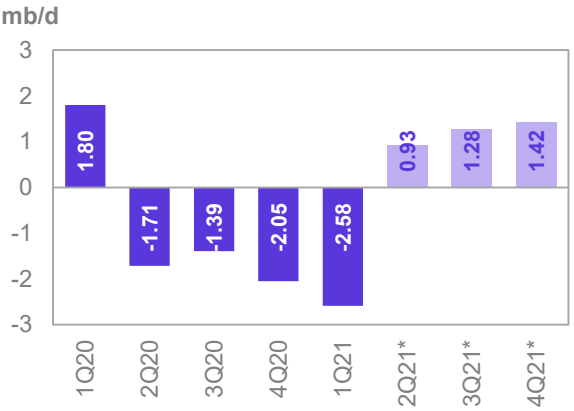
*Note: * 2021 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.*

OECD

OECD liquids production in 2020 is estimated to have declined by 0.84 mb/d y-o-y to average 29.16 mb/d.

For **2021**, the OECD liquids production growth is forecast at 0.27 mb/d to average 29.43 mb/d, a downward revision of 0.34 mb/d m-o-m.

Graph 5 - 2: OECD quarterly liquids supply, q-o-q changes



*Note: * 2Q21-4Q21 = Forecast. Source: OPEC.*

Table 5 - 4: OECD q-o-q changes by region, mb/d

OECD	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21*	3Q21*	4Q21*
Americas	1.50	-2.06	-1.62	-2.00	-2.52	1.02	1.14	1.21
Europe	0.22	0.32	0.25	0.00	-0.04	-0.11	0.13	0.18
Asia Pacific	0.08	0.03	-0.02	-0.05	-0.02	0.02	0.02	0.03
Total OECD	**1.80**	**-1.71**	**-1.39**	**-2.05**	**-2.58**	**0.93**	**1.28**	**1.42**

*Note: * 2Q21-4Q21 = Forecast. Source: OPEC.*

OECD Americas

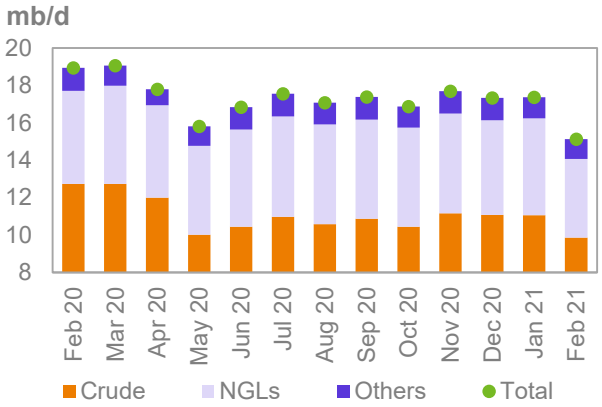
US

US liquids production in 2020 is estimated to have declined by 0.80 mb/d to average 17.62 mb/d, unchanged m-o-m. Crude oil output and non-conventional liquids, particularly ethanol fell y-o-y by 0.92 mb/d and 0.20 mb/d to average 11.32 mb/d and 1.15 mb/d, respectively. On the other hand, NGLs production from unconventional sources gained 0.34 mb/d, y-o-y to average 5.16 mb/d.

US liquids production in February 2021 had a drastic fall by 2.24 mb/d m-o-m due to winter storms and freezing to average 15.13 mb/d. Liquids output in February was down by 3.82 mb/d compared to a year earlier. Outages of 2.2 mb/d of liquids in February, m-o-m, including 1.2 mb/d of crude oil, will definitely impact production in coming months, at least in 1H21, leading to a larger yearly decline in 2021.

Crude oil and condensate production in February 2021 fell by 1.2 mb/d m-o-m to average 9.86 mb/d, which is 2.88 mb/d lower than a year ago. The April STEO report forecasted US February crude production would be 10.28 mb/d, an over-estimate of 0.42 mb/d. Production of **NGLs** in February also fell by 973 tb/d m-o-m to average 4.22 mb/d, mainly in Texas.

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



Source: OPEC.

The preliminary production data of **Non-conventional liquids**, particularly ethanol, indicated a drop of 67 tb/d in February to average 1.05 mb/d.

In terms of **regions** (PADDs), the main decline was in the Gulf Coast, by 973 tb/d – primarily in Texas by 836 tb/d, m-o-m to average 3.83 mb/d, down by 1.53 mb/d y-o-y. Oil output in New Mexico dropped by 105 tb/d to average 0.98 mb/d and declined in the GoM by 20 tb/d, to average 1.76 mb/d, down by 0.21 mb/d, y-o-y. Oil production in the Midwest (PADD 2), decreased by 191 tb/d in February, to average 1.51 mb/d, mainly in Oklahoma and North Dakota. In the Rocky Mountains (PADD 4), oil output in Colorado, home of Niobrara shale, dropped by 7 tb/d to 0.37 mb/d.

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

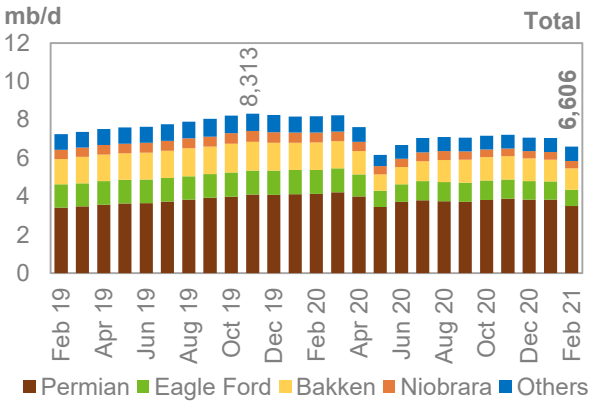
State	Jan 21	Feb 21	*Change* Feb 21/Jan 21
Oklahoma	419	321	*-98*
Colorado	376	369	*-7*
Alaska	458	457	*-1*
New Mexico	1,086	981	*-105*
North Dakota	1,101	1,019	*-82*
Gulf of Mexico (GoM)	1,781	1,761	*-20*
Texas	4,668	3,832	*-836*
Total	**11,059**	**9,862**	***-1,197***

Sources: EIA and OPEC.

Continental Resources Inc., is doubling its dividend after suspending it last April according to Bloomberg. “US oil and gas producers may be able to borrow slightly more from banks this spring as the industry recovers from its pandemic-driven downtown, according to a survey by law firm Haynes and Boone.” Meanwhile, Bloomberg reported that Oasis Petroleum is making one of its biggest deals ever in the Bakken shale patch by acquiring assets for $745 million in cash from Diamondback Energy. The deal for 95,000 net acres in the Williston Basin of the Dakotas will be financed with a $500 million bridge loan that Oasis expects to replace with high-yield debt.

US tight crude production in February 2021 declined by 488 tb/d to average 6.52 mb/d according to the EIA, down by 1.58 mb/d y-o-y. With this, the EIA believes that US conventional crude oil production has declined by 709 tb/d in February. It was previously reported that the decrease was due to the severe winter storm that hit the four US southern states of Texas, New Mexico, Louisiana and Oklahoma. Declines were seen in the main four key plays. This large fall can be attributed mainly to Texas, and in particular the Permian, with volumes in the basin decreasing by 338 tb/d during the month. Regarding investment, Goldman Sachs urged clients to invest in the Permian Basin of West Texas and New Mexico rather than other regions.

Graph 5 - 4: US tight crude output breakdown

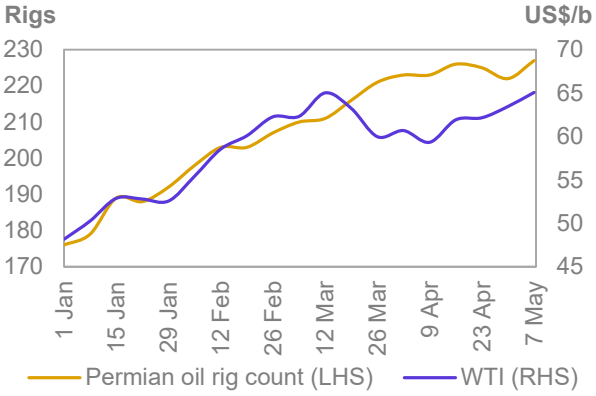


Souces: EIA, Rystad Energy and OPEC.

The **oil rig count in the Permian Basin** has been low despite the presence of a profitable price environment for shale producers. Rystad Energy has said that Permian Basin crude production is set to grow for a third month to 4.632 mb/d in May due to a rapid reactivation of curtailed volumes as well as more fracking activity since late February. This is in line with EIA's Drilling Productivity Report (DPR), which said that production in May will reach 4.466 mb/d, reflecting a same trend albeit with a different number.

In the Eagle Ford, oil output declined by 25 tb/d to average 0.96 mb/d (down by 0.3 mb/d y-o-y). Tight crude output in the Niobrara dropped by 11 tb/d to average 0.38 mb/d (down by 0.13 mb/d y-o-y). In the Bakken, tight crude output declined by 11 tb/d to average 1.12 mb/d (down by 0.32 mb/d y-o-y).

Graph 5 - 5: Permian oil rig count vs WTI



Sources: Argus, Baker Hughes and OPEC.

"The best spots have almost been drilled in Bakken oilfield in North Dakota and the remaining surroundings probably will cost more to extract, squeezing profitability", according to a note to investors by Goldman Sachs. At the same time, the Dakota Access pipeline will not be forced to shut down while federal regulators conduct new environmental analysis. The Biden Administration's decision to allow the line to keep operating is a victory for its pipeline owner Energy Transfer LP and drillers such as Continental Resources that use it to transport crude from North Dakota's Bakken oil field. Looking forward, Rystad Energy forecast oil production in the Bakken to decline for a seventh straight month to 1.083 mb/d in May.

Following a decline of 0.92 mb/d y-o-y in 2020, **US crude oil production in 2021** is forecast to decline by 0.28 mb/d y-o-y to average 11.04 mb/d. Production from the GoM is expected to grow by 0.06 mb/d to average 1.71 mb/d, while onshore conventional crude is estimated to decline by 0.05 mb/d to average 2.29 mb/d, largely due to mature oil fields.

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

US liquids	2019	Change 2019/18	2020	Change 2020/19	2021*	Change 2021/20
Tight crude	7.76	1.25	7.32	-0.44	7.04	-0.28
Gulf of Mexico crude	1.90	0.14	1.66	-0.24	1.71	0.06
Conventional crude oil	2.59	-0.10	2.34	-0.26	2.29	-0.05
Total crude	12.25	1.28	11.31	-0.93	11.04	-0.28
Unconventional NGLs	3.92	0.46	4.26	0.33	4.40	0.14
Conventional NGLs	0.90	-0.01	0.90	0.00	0.86	-0.04
Biofuels + Other liquids	1.35	0.00	1.15	-0.20	1.25	0.11
US total supply	**18.43**	**1.74**	**17.62**	**-0.80**	**17.55**	**-0.07**

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

For **tight crude production in 2021** based on the actual crude output in February and the updated metrics of drilling and completion (D&C), a contraction of 0.28 mb/d y-o-y to average 7.04 mb/d is anticipated.

Table 5 - 7: US tight oil production breakdown, mb/d

US tight oil	2019	Change 2019/18	2020	Change 2020/19	2021*	Change 2021/20
Permian tight	3.73	0.89	3.87	0.14	3.97	0.10
Bakken shale	1.42	0.16	1.18	-0.24	1.17	-0.01
Eagle Ford shale	1.23	0.05	1.06	-0.18	1.02	-0.04
Niobrara shale	0.51	0.07	0.45	-0.06	0.37	-0.09
Other tight plays	0.87	0.08	0.74	-0.12	0.51	-0.24
Total	**7.76**	**1.25**	**7.32**	**-0.44**	**7.04**	**-0.28**

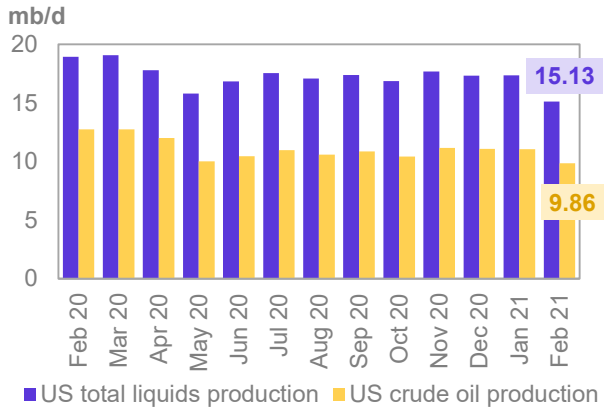
*Note: * 2021 = Forecast. Source: OPEC.*

US NGL production in 2021 is expected to grow by 0.10 mb/d to average 5.26 mb/d in comparison with the robust growth of 0.34 mb/d in 2020.

Biofuels and other non-conventional liquids are forecast to increase by 0.11 mb/d to average 1.26 mb/d.

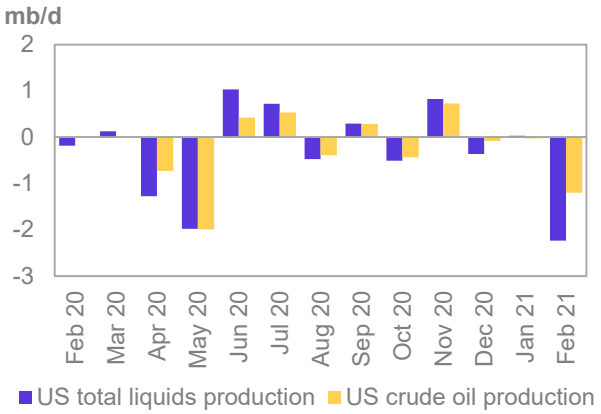
US liquids production is projected to decline by 0.07 mb/d y-o-y in 2021 to average 17.55 mb/d, revised down by 0.23 mb/d, following outages of 2.2 mb/d due to the arctic freeze experienced in in February. According to the new assessment based on the US monthly crude oil and liquids production forecast model, it is estimated that the crude oil output and total liquids will reach 11.70 mb/d and 18.54 mb/d in December, respectively.

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



Sources: EIA and OPEC.

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



Sources: EIA and OPEC.

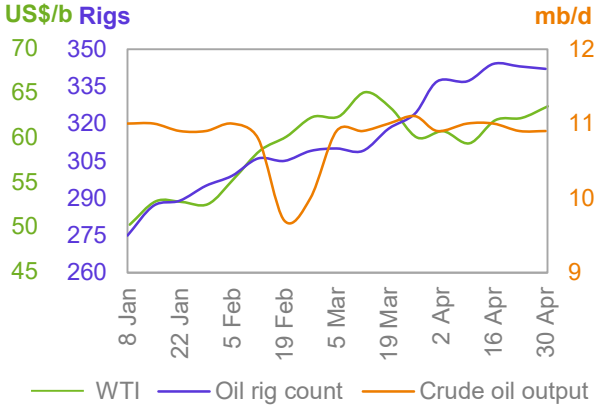
US rig count, spudded, completed, DUC wells and fracking activity

Total **US active drilling rigs** gained 2 units to 440 rigs for the 22nd increase in the past 24 weeks, according to Baker Hughes' latest weekly survey on 30 April.

Since mid-September 2020, the **US oil rig count** has increased every month by an average of 24 units to 342 oil rigs counted at the end of April, higher by 17 oil rigs, y-o-y, while the **gas rig count** reached 96 rigs on the same date, higher by 15 units y-o-y.

However, the oil rig count has dropped by one in each of the last two consecutive weeks from 344 units to 342 rigs. This may not be a trend, and drilling is poised to expand steadily in coming weeks as operators add rigs to maintain their output volumes. At the same time, the US weekly crude oil output shows a declining trend in the week ended 23 April.

Graph 5 - 8: US weekly rig count, US weekly crude oil output and WTI price

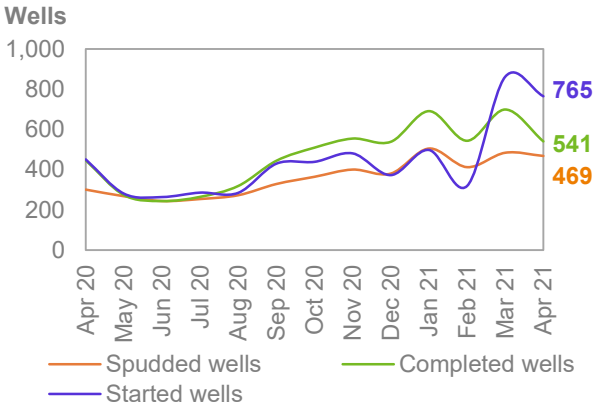


Sources: Baker Hughes, EIA and OPEC.

In terms of trajectory, active rigs in drilling of horizontal wells for both oil and gas were up from 214 units to 398 wells since mid-September 2020, an addition of 184 horizontal rigs. It seems that operators are able to profitably drill a new well across major US onshore basins at current oil prices. In terms of the major basins, in the week ended 30 April, 224 oil rigs were active in the Permian Basin, down by 2 rigs w-o-w, but up by 5 rigs, y-o-y. At the same time, the number of active oil rigs in the Eagle Ford Basin was 34, up by 4, y-o-y. The Williston Basin reported 15 active oil rigs, still down by 11 y-o-y, and finally 7 units were reported in the DJ-Niobrara Basin, the same level as a year ago.

With regard to **spudding, completion and started wells** in all US shale plays, as reported by Rystad Energy, 469 horizontal wells were spudded in April (as per preliminary information), down by 16, m-o-m, but higher by 56% from 301 wells a year earlier. The preliminary number of completed wells is estimated at 541 in April, lower by 158 wells y-o-y, up by 21%, y-o-y. At the same time, the number of started wells was pegged at remarkable 765 units, down by 97 units m-o-m, however up by 314 wells, or 70%, compared with a year ago.

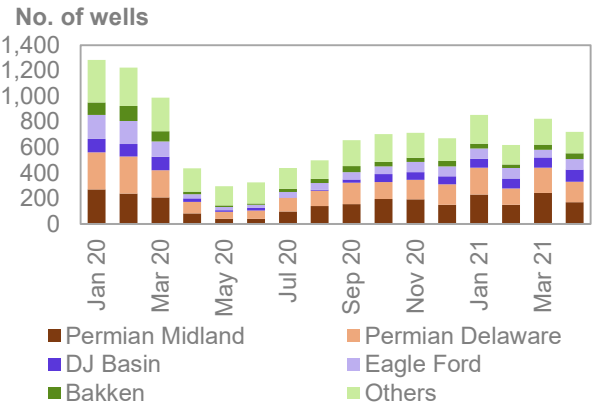
Graph 5 - 9: Spudded, completed and started wells in the US shale plays



Sources: Rystad Energy and OPEC.

Regarding the **US oil and gas identified started fracking operations** by region, Rystad Energy reported that 720 wells started fracking operations in the US for April, down by 103 units m-o-m (preliminary) of which around 97% is based exclusively on analysis of high-frequency satellite data. The total frac spreads in the Permian and other US core oil is estimated at 500 wells (including 331 fracked wells in Permian). The Permian Basin accounts for 42% of the total fracs detected in April, followed by the Niobrara region, at 14%, a drop of 20% compared with a month earlier. Rystad Energy estimates the number of started fracking jobs per month in April to be lower by about 7%, m-o-m.

Graph 5 - 10: Fracked wells count per month

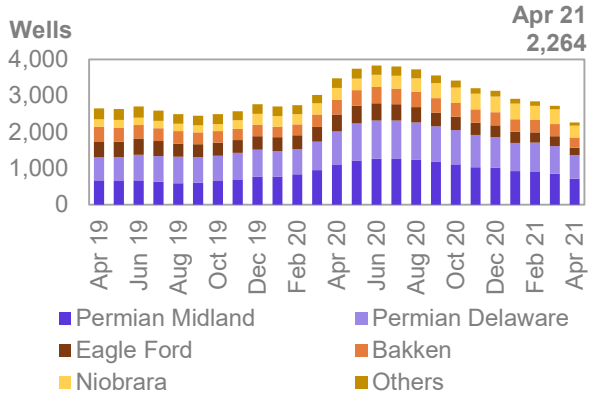


Sources: Rystad Energy Shale Well Cube and OPEC.

Outside of the Permian, the largest growth comes from south Texas' Eagle Ford, where 87 frac jobs have been detected in April as of now, compared to 67 in March. Hence, the full count for April is set to substantially exceed the total for March. Overall US operations were characterized by significant median productivity improvements in 3Q21

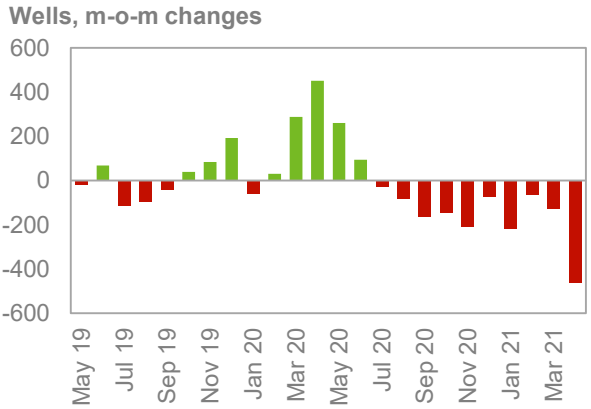
Increased fracking would likely help sustain US onshore production as operators bring online their **drilled, but uncompleted (DUC) wells**. With the strong rebound in US oil fracking activity since the winter slowdown in February, the DUC inventory in major tight oil regions (Permian, Eagle Ford, Bakken, Niobrara and Anadarko) saw another month of strong declines in March and April. Total horizontal DUCs inventory in oil regions declined to about 4,700 wells in March, as fracking outpaced drilling by approximately 160 wells. Out of the 4,700 wells, almost 1,900 consist of so-called dead DUCs – wells drilled more than two years ago – which remain in an uncompleted state. "Historically, we note that DUCs rarely contribute to frac activity after an initial period of 18-24 months, though occasional completions still occur on a small percentage of wells drilled more than two years earlier" according to Rystad Energy. There has been a m-o-m drop in the number of DUCs in US shale plays since July 2020. This continued in April with a drop of 460 wells m-o-m, to stand at 2,264 uncompleted wells. Since June 2020, when the DUC count peaked, 1,570 DUCs have been completed and put on production by the end of April.

Graph 5 - 11: US horizontal DUC count by shale play



Sources: Rystad Energy and OPEC.

Graph 5 - 12: Withdrawal of uncompleted wells from DUC inventories since July 2020



Sources: Rystad Energy and OPEC.

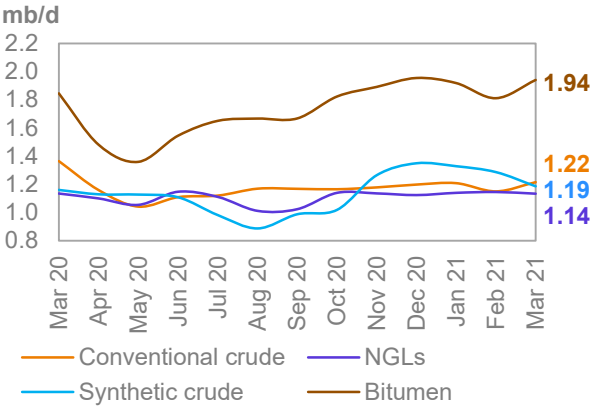
Canada

Canada's liquids production in March increased by 0.09 mb/d m-o-m to average 5.52 mb/d, although production declined in February by 0.21 mb/d, m-o-m.

According to the Alberta Energy Regulator, the production of crude bitumen shows an increase of 0.13 mb/d m-o-m to average 1.94 mb/d, up by 0.09 mb/d y-o-y, while synthetic crude production declined by 0.1 mb/d m-o-m to average 1.19 mb/d, up by 0.03 mb/d y-o-y.

Production of conventional crude oil is likely to grow m-o-m by 65 tb/d to average 1.22 mb/d, while NGLs output indicates a minor decline of 12 tb/d to average 1.14 mb/d, as per preliminary data.

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



Sources: National Energy Board and OPEC.

Meanwhile, the work camps in the oil sands of western Canada have become hot spot for a resurgence of the COVID-19 pandemic. Alberta Health Services reported more than 700 active Covid-19 cases as of 26 April, the same day that municipal authorities in Northern Alberta declared a state of emergency. Major mining projects – including Canadian Natural Resources' (CNRL) Horizon mine and upgrader, Suncor's base mine, and the Syncrude Mildred Lake site – accounted for over 85% of active cases.

In response to the rising infections, Suncor announced plans to shift maintenance at its Base Mine's U2 upgrader to June 2021. The turnaround was originally scheduled to begin in May and was estimated to pull an average of 130 tb/d of synthetic crude oil off-line in 2Q21. Similarly, Syncrude began maintenance on its 350 tb/d upgrader in April, although work was extended further into the summer. Rystad Energy reprots expected extended maintenance to include outages of 358 tb/d in 2Q21, nearly 120 tb/d in 3Q21 and 60 tb/d in 4Q21, mainly due to scheduled maintenance at Syncrude and the Athabasca Oil Sands Project (AOSP), which could take nearly 200 tb/d off-line in October 2021.

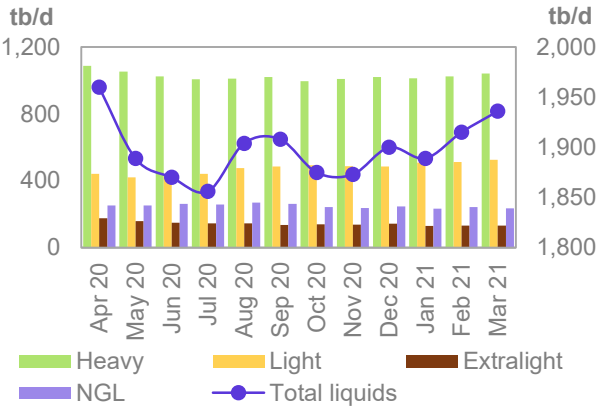
Following heavy declines in **Canada's oil production in 2020** due to shut-in wells by 0.24 mb/d y-o-y to average 5.17 mb/d, Canadian oil supply is forecast to grow by 0.28 mb/d y-o-y in **2021,** revised down by 24 tb/d to average 5.46 mb/d.

Mexico

Mexico's liquids output in March was up by 0.02 mb/d m-o-m to average 1.94 mb/d. Crude oil output rose by 28 tb/d, mainly from the mature field Xanab, to average 1.70 mb/d, down by 48 tb/d y-o-y according to Pemex. NGLs production was down by 7 tb/d m-o-m to average 235 tb/d (including condensate). While heavy crude fell by 55 tb/d to 1.0 mb/d in 1Q20 y-o-y, light crude was up by 26 tb/d to 515 tb/d in the same period.

Production of condensate in Mexico has increased from an average of 29 tb/d in 2020 according to Rystad Energy to around 60 tb/d, however, Pemex data shows 80 tb/d in 1Q21, which is expected to rise in the next year to average 86 tb/d.

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



Sources: PEMEX and OPEC.

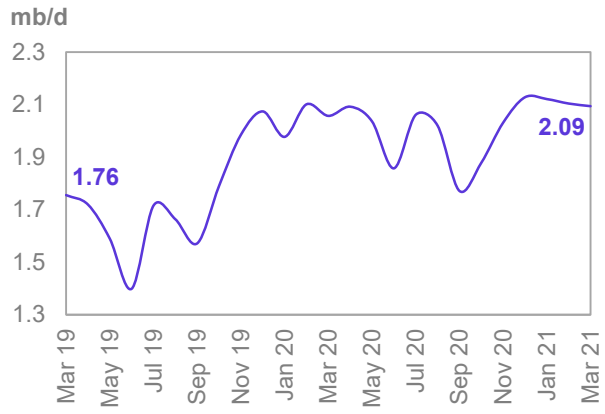
Mexico's liquids production in 2H21 is forecast to increase by 0.04 mb/d over 1H21, due to the start-up of the first phase of the Pokoch-Ichalkil fields with peak capacity of 0.10 mb/d. In 2021, Mexico's oil supply is forecast to grow by 0.01 mb/d y-o-y, to average 1.92 mb/d.

OECD Europe

Norway

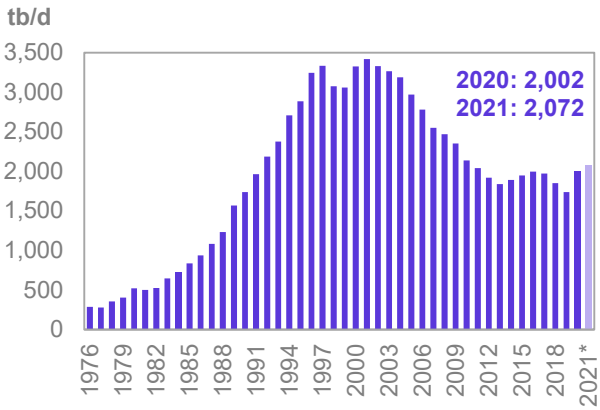
Norwegian liquids production in March decreased by 11 tb/d m-o-m to average 2.09 mb/d, but is 35 tb/d higher than a year ago. Crude oil production declined by 7 tb/d m-o-m to average 1.78 mb/d, higher by 0.08 mb/d, y-o-y. NGLs and condensate output also declined by a minor 4 tb/d to average 0.31 mb/d, lower by 0.04 mb/d, y-o-y, according to official data from the Norwegian Petroleum Directorate (NPD).

Graph 5 - 15: Norway's monthly liquids production



Sources: NPD and OPEC.

Graph 5 - 16: Norway's annual liquids production



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

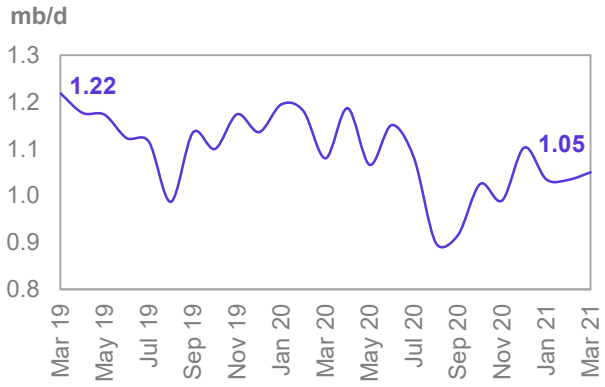
Norway's oil supply in 2020 is estimated to have grown by 0.27 mb/d to average 2.00 mb/d, while in **2021,** growth is forecast to slow to 0.07 mb/d y-o-y for an average of 2.07 mb/d, revised down by 0.08 mb/d, m-o-m. The output of liquids in 2Q20 and 3Q20 will be lower by 0.18 mb/d, and 0.04 mb/d, respectively, according to the planned prolonged and extended maintenance both in oil and gas fields, given by NPD.

Production of crude oil in November and December is forecast at the highest level in 2021, at a maximum up to 1.85 mb/d, according to the NPD. Production ramp-ups at the Njord field in the Norwegian Sea, the Fenja project, the Gjøa P1 tie-in project in the North Sea and the Wintershall Dea's Duva tieback to the Neptune-operated Gjøa platform, contribute to the incremental output increases in 2H21 in Norway.

UK

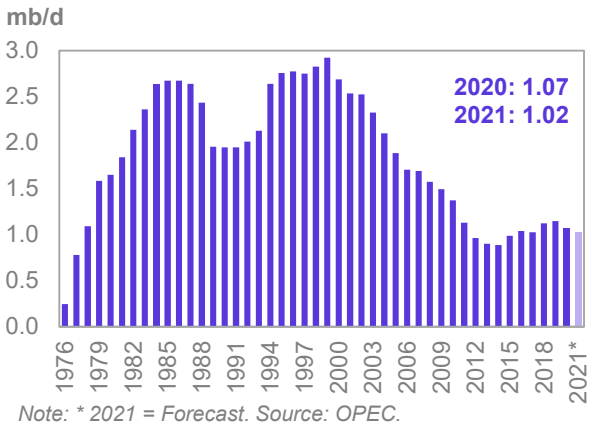
UK liquids production in 1Q21 fluctuated mildly within the months, with the average output flat at 1.04 mb/d, q-o-q. Nevertheless, liquids production in March was up by 0.01 mb/d m-o-m to average 1.05 mb/d according to national sources. Crude oil production increased by 13 tb/d m-o-m to average 908 tb/d, supported by higher production from the Golden Eagle field.

Graph 5 - 17: UK monthly liquids production



Sources: Department of Energy & Climate Change and OPEC.

Graph 5 - 18: UK annual liquids production



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

Output of NGLs was also up by a minor 3 tb/d m-o-m to an average of 95 tb/d. Lower crude production is forecast for 2Q21 and 3Q21,due to lower volumes of crude transferred by the Forties Pipeline System (FPS) as a shutdown is scheduled to extend for around 20 days from 27 May. Moreover, exports of the UK's Brent crude stream, one of the five grades that underpin the North Sea Dated benchmark, could be disrupted by a strike at the Sullom Voe onshore oil processing and a storage terminal on the Shetland Islands in May. However, production is projected to rise to 1.04 mb/d in 4Q21, not only because of the full return of Forties, but also owing to new production from the Columbus project which is planned to start-up in 4Q21 as well as the Buzzard phase-2 project.

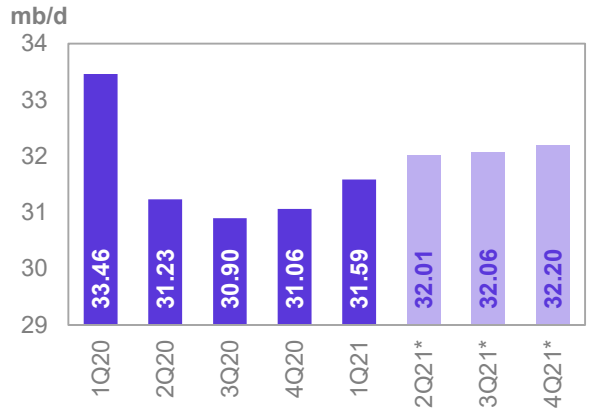
UK oil supply in **2020** is estimated to have declined by 0.07mb/d to average 1.07 mb/d.

For **2021**, UK oil production is anticipated to decline, due to a COVID-19 induced investment crunch. Following a decrease of 32% in investment last year in the oil and gas sector to average $5.7bn, several E&P projects have reportedly been deferred, such as the Seagull project, which was deferred to late 2022. Hence, UK oil supply is expected to decline by 0.05 mb/d y-o-y to average 1.02 mb/d.

Non-OECD

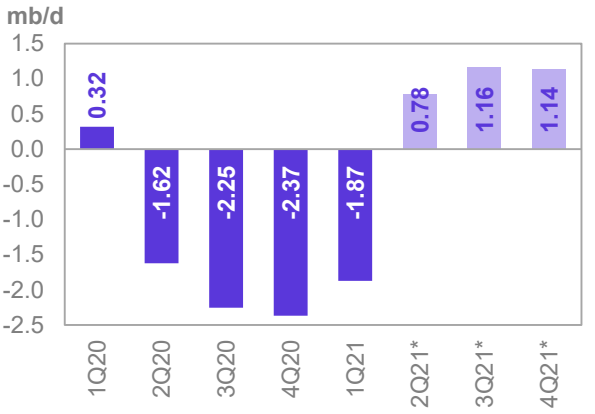
Non-OECD liquids production for 2020 is estimated to have declined by 1.49 mb/d y-o-y to average 31.66 mb/d.

Graph 5 - 19: Non-OECD quarterly liquids supply



*Note: * 2Q21-4Q21 = Forecast. Source: OPEC.*

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



*Note: * 2Q21-4Q21 = Forecast. Source: OPEC.*

For **2021**, liquids production in non-OECD countries is forecast to grow by 0.31 mb/d y-o-y to average 31.97 mb/d, revised up by 0.11 mb/d m-o-m, mainly due to upward revisions in China, and other Eurasia.

Table 5 - 8: Non-OECD q-o-q changes by region, mb/d

Non-OECD	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21*	3Q21*	4Q21*
China	0.08	0.05	0.09	0.06	0.12	0.08	0.08	0.10
India	-0.06	-0.07	-0.05	-0.05	-0.03	-0.01	-0.02	-0.03
Other Asia	-0.11	-0.28	-0.14	-0.18	-0.09	0.00	0.00	-0.04
Latin America	0.51	-0.09	-0.09	-0.46	-0.39	0.49	0.19	0.61
Middle East	-0.01	0.00	-0.05	-0.04	0.00	0.00	0.08	0.08
Africa	-0.06	-0.05	-0.09	-0.12	-0.07	-0.09	-0.07	-0.05
Russia	-0.03	-1.15	-1.58	-1.31	-1.21	0.29	0.65	0.35
Other Eurasia	-0.01	-0.02	-0.33	-0.27	-0.19	0.02	0.25	0.13
Other Europe	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01
Total Non-OECD	**0.32**	**-1.62**	**-2.25**	**-2.37**	**-1.87**	**0.78**	**1.16**	**1.14**

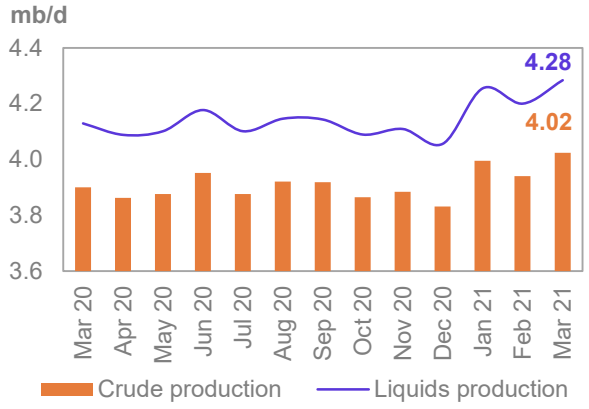
Note: 2Q21-4Q21 = Forecast. Source: OPEC.

China

China's crude oil production in March was up by 84 tb/d m-o-m to average 4.02 mb/d, up by 0.12 mb/d y-o-y, according to official data. The last time when crude production was higher than 4 mb/d was in June 2016 at 4.04 mb/d. Liquids output in 1Q21 increased by 164 tb/d q-o-q to average 4.25 mb/d, while crude oil output increased by 126 tb/d in the same period. The difference of 38 tb/d is due to higher NGLs output by 14 tb/d to average 0.2 mb/d in 1Q21, and increasing non-conventional liquids such as ethanol, biodiesel, and CTL, which totalled 0.24 mb/d in 1Q21.

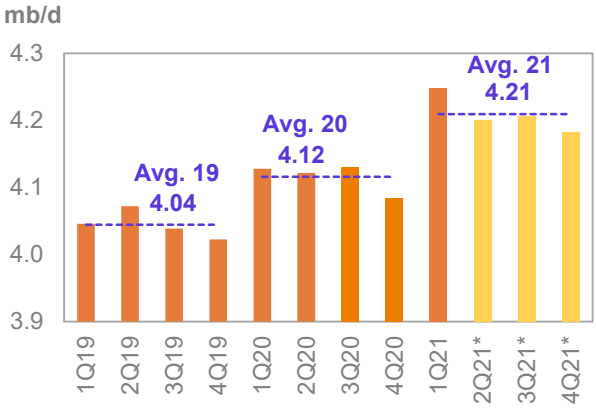
According to the news about well blowout and fire on a platform in Bohai Bay in early April, oil production has partially halted at China's largest offshore oilfield. It is estimated that the impact of the incident at the wellhead platform in the Penglai 19-3 field on CNOOC Ltd's annual production is up to approximately 600 tb of oil. Hence, this will impact oil production in April. Nevertheless, China's liquids production will grow by 0.09 mb/d y-o-y in 2021, revised up due to stronger-than-expected oil output in 1Q21, which is carried over to 2Q21 and 3Q21. China liquids production in 2021 is forecast to grow by 0.09 mb/d, y-o-y.

Graph 5 - 21: China's monthly liquids output



Sources: CNPC and OPEC.

Graph 5 - 22: China's monthly liquids output



*Note: * 2Q21-4Q21 = Forecast. Sources: CNPC and OPEC.*

Latin America

Latin America's total liquids supply in March was up by 0.02 mb/d m-o-m to average 5.95 mb/d, down by 0.31 mb/d y-o-y in all countries of the region, except Guyana.

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

For **2021**, oil production is projected to grow by 0.23 mb/d y-o-y to average 6.28 mb/d, revised down by 8 tb/d, m-o-m. Oil production in Brazil, Ecuador, Guyana, Argentina and Peru is forecast to increase, owing to production ramp-ups in fields that started in 2019 and 2020. Production in Ecuador is projected to recover by 0.06 mb/d from outages seen in 2020 to average 0.55 mb/d. Oil production is likely to decline in Colombia by a minor 0.01 mb/d. Exxon Mobil had reduced crude output from 13 to 20 April at its offshore Liza-1 project in

Guyana to 30 tb/d, down from 120 tb/d, due to a mechanical problem with the offshore platform's gas compressor, but has since begun to slowly ramp up oil production to 100-110 tb/d.

Brazil

Brazil's crude oil production in March was up by 25 tb/d m-o-m to average 2.84 mb/d, but fell by 129 tb/d y-o-y. Based on preliminary production data, production in April indicates m-o-m growth of 0.8 mb/d, however, but remains below the 2.96 mb/d of last April. Production of crude oil is expected to increase in the coming quarters, mainly due to the ramp-up of the Atapu, Berbigao and Sururu fields.

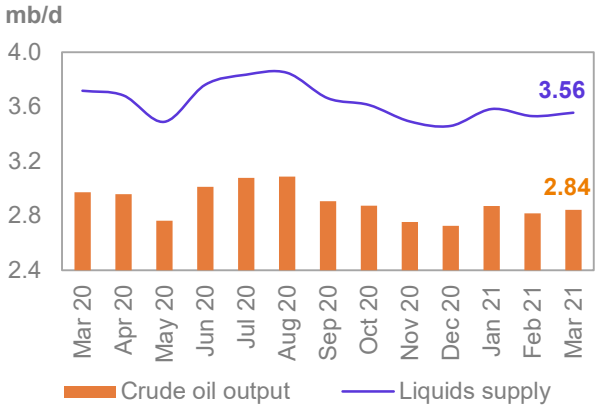
It is worth noting that the initial production forecast for this year has been impacted by the mandated health protection measures by Petrobras in its platforms. Production was temporarily reduced at the Marlim Sul offshore field due to COVID-19-related safety measures, as well as prolonged and unforeseen maintenance weighing on oil production in 1Q21. Brazilian oil and gas giant Petrobras has revealed that the first production from its Mero 1, through the FPSO Guanabara, has been postponed due to delays in FPSO construction.

Petrobras announced in the first week of April that the production expected to start from Mero 1 was postponed from 4Q21 to 1Q22. Moreover, the 50 tb/d Peregrino phase 2 project in Campos Basin which is planned to come onstream in 1H21, has also been delayed to 2022. Total pre-salt production in March reached 2.1 mb/d, 74% of total crude output in March, mainly from Tupi and Búzios fields in Santos Basin. Production of NGLs was almost flat in March since December 2020, to average 0.1 mb/d and is expected to have remained flat in April.

According to official data, biofuels production has been flat since January at an average 614 tb/d, and preliminary data shows that it remained flat in April. In March, Brazil liquids production, including biofuels, was up by 0.03 mb/d, m-o-m, to average 3.56 mb/d.

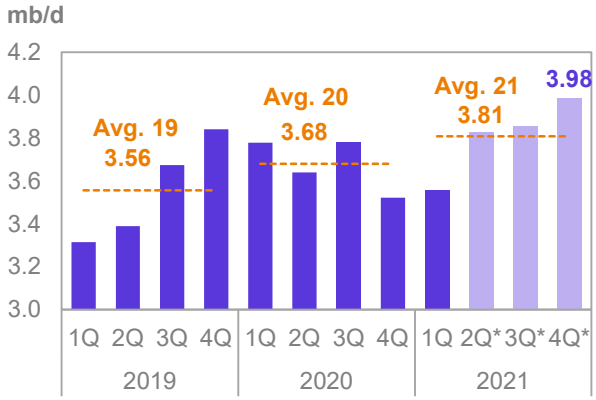
In 2020, liquids production in Brazil grew by by 0.12 mb/d, of which crude oil increased by 155 tb/d y-o-y. For 2021, liquids supply is forecast to grow further by0.13 mb/d, if all fields are fully ramped up, and average 3.81 mb/d. This is a downward revision of 14 tb/d m-o-m due to lower than expected production in 1Q21 by 55 tb/d. Brazil's oil production will be boosted through the FPSO Carioca, which is estimated to come online in 2H21 at the Sepia field, offshore Brazil. The FPSO Carioca will be installed in a water depth of 2,140 m and has a capacity to produce 180 tb/d of crude oil and 212 mscf/d of gas.

Graph 5 - 23: Brazil's crude oil and liquids output



Sources: ANP, Petrobras and OPEC.

Graph 5 - 24: Brazil's quarterly and annual liquids output



*Note: * 2Q21-4Q21 = Forecast. Sources: ANP and OPEC.*

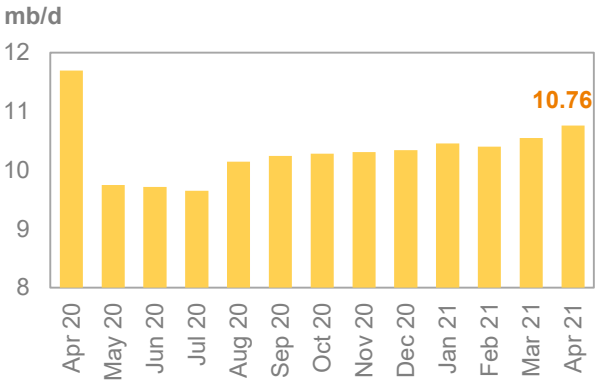
Russia

Russia's liquids production in April increased m-o-m to average **10.76 mb/d**, as per preliminary data, and was also higher by 0.06 mb/d y-o-y. With this, Russia's liquids production in 2Q21 was revised up by 72 tb/d to average 10.66 mb/d, and is expected to remain at this level for 2H21.

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

For **2021**, Russian total liquids production is forecast to grow by 0.02 mb/d y-o-y to average 10.61 mb/d.

Graph 5 - 25: Russia's monthly liquids production



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

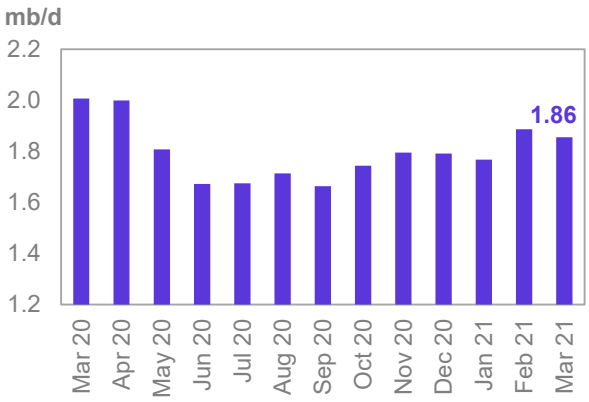
Caspian

Kazakhstan

Kazakhstan's liquids production in March decreased by 0.03 mb/d, m-o-m to average 1.86 mb/d. In March, crude oil production fell by 21 tb/d to average 1.5 mb/d, due to the maintenance works at Karachaganak, down by 0.14 mb/d y-o-y. Preliminary data indicates a drop of around 0.1 mb/d in crude oil output in April on reduced crude output from the Kashagan field.

Kazakhstan's liquids production in **2020** is estimated to have declined by 0.10 mb/d to average 1.83 mb/d, while for **2021**, production is forecast to grow by a minor 0.01 mb/d.

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



Sources: Nefte Compass and OPEC.

Azerbaijan

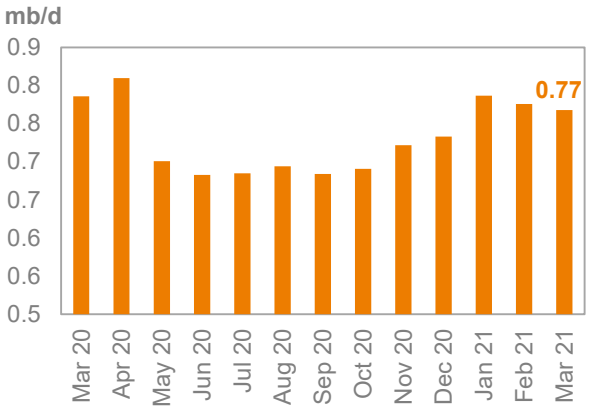
Azerbaijan's liquids supply in March declined slightly by 0.01 mb/d m-o-m to 0.77 mb/d and is expected to continue at the same level in April.

The average production of condensate and NGLs output from gas-condensate offshore fields in 2020 registered at 0.12 mb/d, up 0.01 mb/d, y-o-y. In 2021, the average output of the first four months of the year reached 0.18 mb/d, and even saw a record high in January at 193 tb/d, mainly from the Shah-Deniz field in the Caspian.

Oil production in Azerbaijan in 2020 declined by 0.06 mb/d, y-o-y to average 0.73 mb/d.

For **2021**, liquids supply is forecast to grow by 0.06 mb/d, revised up by 0.03 mb/d to average 0.76 mb/d.

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



Sources: Nefte Compass and OPEC.

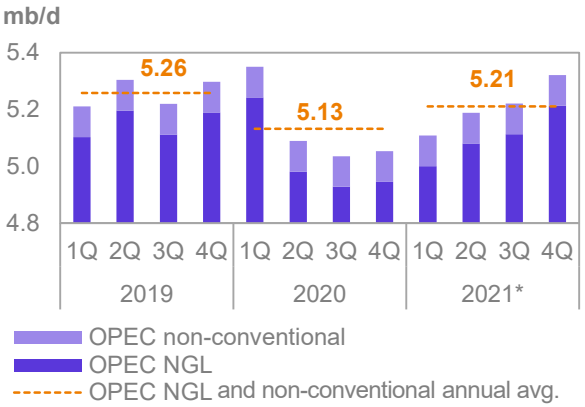
OPEC NGL and non-conventional oils

OPEC NGLs and non-conventional liquids are estimated to increase in 1Q21 by 0.06 mb/d q-o-q to average 5.11 mb/d, down by 0.24 mb/d y-o-y. Production of OPEC NGLs and non-conventional liquids has been declining since 1Q20, from 5.35 mb/d to 5.05 mb/d in 4Q20. Preliminary output of NGLs in 1Q21 is estimated to be at 5.11 mb/d, while production of non-conventional liquids was steady at 0.11 mb/d.

In **2020**, OPEC NGL production is estimated to have contracted by 0.13 mb/d to average 5.13 mb/d.

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

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



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

Table 5 - 9: OPEC NGL + non-conventional oils, mb/d

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

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

OPEC crude oil production

According to secondary sources, total **OPEC-13 crude oil production** averaged 25.08 mb/d in April 2021, up by 0.03 mb/d m-o-m. Crude oil output increased mainly in Nigeria, IR Iran and Saudi Arabia, while production decreased primarily in Venezuela, Libya and Angola.

OPEC crude oil production based on direct communication is shown in ***Table 5 – 11***.

Table 5 - 10: OPEC crude oil production based on *secondary sources*, tb/d

Secondary sources	2019	2020	3Q20	4Q20	1Q21	Feb 21	Mar 21	Apr 21	Change Apr/Mar
Algeria	1,022	897	840	857	871	875	873	867	-6
Angola	1,401	1,247	1,205	1,164	1,141	1,116	1,156	1,140	-16
Congo	324	289	287	272	270	272	271	270	-1
Equatorial Guinea	117	112	109	109	107	101	107	112	5
Gabon	208	195	191	191	181	179	185	185	0
IR Iran	2,356	1,987	1,948	2,001	2,199	2,167	2,320	2,393	73
Iraq	4,678	4,049	3,697	3,817	3,881	3,892	3,914	3,920	6
Kuwait	2,687	2,434	2,245	2,293	2,327	2,333	2,328	2,326	-2
Libya	1,097	367	121	911	1,173	1,172	1,197	1,130	-67
Nigeria	1,786	1,585	1,468	1,444	1,424	1,477	1,473	1,548	75
Saudi Arabia	9,771	9,182	8,766	8,962	8,444	8,126	8,098	8,132	34
UAE	3,094	2,802	2,617	2,515	2,610	2,611	2,609	2,614	5
Venezuela	796	500	362	408	513	524	526	445	-81
Total OPEC	**29,337**	**25,645**	**23,858**	**24,943**	**25,142**	**24,844**	**25,057**	**25,083**	**26**

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

Table 5 - 11: OPEC crude oil production based on *direct communication*, tb/d

Direct communication	2019	2020	3Q20	4Q20	1Q21	Feb 21	Mar 21	Apr 21	Change Apr/Mar
Algeria	1,023	899	843	862	874	878	870	867	-3
Angola	1,373	1,277	1,253	1,186	1,136	1,137	1,138	1,177	39
Congo	329	300	296	285	275	272	274	269	-5
Equatorial Guinea	110	114	115	106	104	103	103	98	-5
Gabon	218	207	201	178	183	183	183	..	..
IR Iran	..	..	..	..	..	..	..	..	..
Iraq	4,576	3,998	3,625	3,796	3,846	3,867	3,865	..	..
Kuwait	2,678	2,438	2,245	2,293	2,327	2,329	2,327	2,327	0
Libya	..	..	..	..	1,214	1,183	1,283	1,168	-115
Nigeria	1,737	1,477	1,351	1,283	1,404	1,424	1,429	1,372	-56
Saudi Arabia	9,808	9,213	8,813	8,975	8,473	8,147	8,138	8,134	-3
UAE	3,058	2,779	2,525	2,501	2,610	2,612	2,608	2,613	5
Venezuela	1,013	557	395	450	533	538	578	..	..
Total OPEC	..	..	..	..	..	..	..	..	..

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

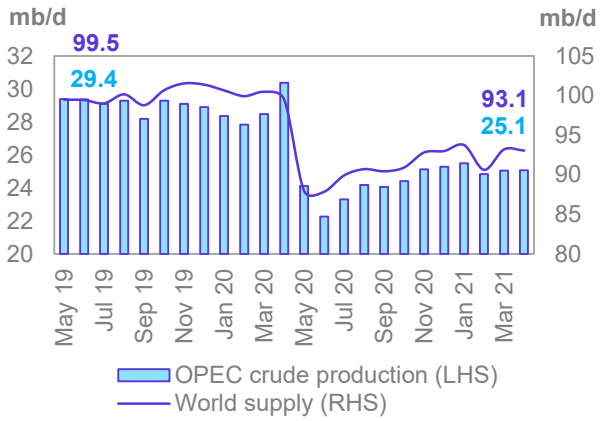
World oil supply

Preliminary data indicates that **global liquids production in April** decreased by 0.15 mb/d to average 93.06 mb/d compared with the previous month, and was lower by 6.45 mb/d y-o-y.

Non-OPEC liquids production (including OPEC NGLs) decreased in April by 0.18 mb/d compared with the previous month to average 67.97 mb/d, lower by 1.16 mb/d y-o-y. The preliminary estimated decrease in production in April 2020 came mainly from Canada and Norway by around 0.5 mb/d, due to the planned maintenance.

The **share of OPEC crude oil in total global production** was up by 0.1% in April to 27.0% compared with the previous month. Estimates are based on preliminary data from direct communication for non-OPEC supply, OPEC NGLs and non-conventional oil, while estimates for OPEC crude production are based on secondary sources.

Graph 5 - 29: OPEC and world oil supply



Source: OPEC.

Product Markets and Refinery Operations

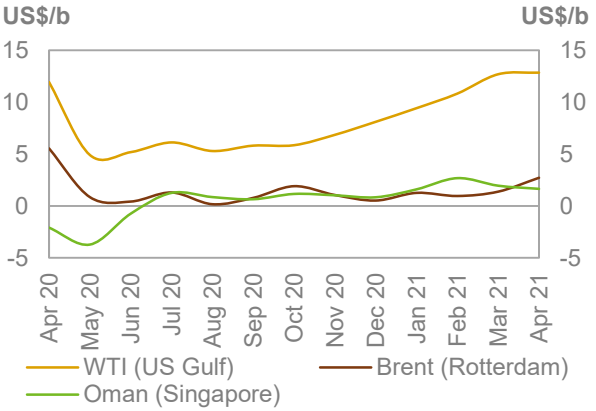
In April, refinery margins further extended the same trends witnessed in the previous month, with positive performances only manifested in the Atlantic Basin. In the USGC, margins jumped, while in Europe, they rose only moderately, as product markets continued to benefit from the recent rise in unplanned outages recorded in the previous month in the US as well as low refinery output levels due to heavy maintenance. This led to a tighter overall product balance and positive product market sentiment, which helped keep fuel prices sustained.

On the other hand, margins in Asia performed negatively as refining economics showed losses with pressure coming mainly from the mid-section of the barrel, as the market there remained well supplied.

Refinery margins

USGC refining margins increased slightly as support derived from exports and further improvements in domestic mobility indicators helped support product markets. In addition, the positive impact on refining margins at the start of the month caused by product tightness due to the recent peak maintenance season added to the support, particularly to complex configurations. Over the month, several refiners were reported to have re-started operations, which consequently led to a 900 tb/d rise in throughput, with impacts of rising product outputs mostly yet to be seen in product markets. Nevertheless, anticipation of further mobility improvements, the progress in COVID vaccination rates and the arrival of the driving season are set to keep the downside risk limited in the coming month. US refinery margins for WTI averaged $12.83/b in April, up by 15¢ m-o-m and by 91¢ y-o-y.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

Refinery margins in **Europe** increased and showed the strongest positive response compared to the other key regions as gasoline crack spreads continued to soar, reaching the highest level recorded since October 2019. Additional support stemmed from the gasoil and jet fuel segments as refinery outputs for these products remained restrained due to the recent heavy maintenance works. Strict lockdown measures continued to exert pressure over European product markets and likely kept gains in refining economics capped. Refinery margins for Brent in Europe averaged $2.72/b in April, up by $1.34 compared with a month earlier but down by $2.83 y-o-y.

In **Asia,** margins weakened further, with most of the pressure coming from the bottom of the barrel, although crude processing rates in the region remained relatively constrained. Prevailing ample product availability amid weaker waning product export requirements from Asia as refiners are returning from major turnarounds in other regions prevented any upside in Asian product markets. Overall Asian offline refining capacity in the region rose in April, while, at the same time, infection rates for the new COVID variant surged in India, triggering re-implementation and re-enforcement of restriction measures within the region. India's Mangalore Refinery and Petrochemicals was reported to have reduced refinery intakes as the pandemic wave weighs on fuel consumption levels. The company reduced its refining capacity by 15% to 1.1 million tonnes in April with further downside risk for India refinery intakes seeming very likely in the near term. Refinery margins for Oman in Asia lost 30¢ m-o-m to average $1.65/b in April, which was higher by $3.74 y-o-y.

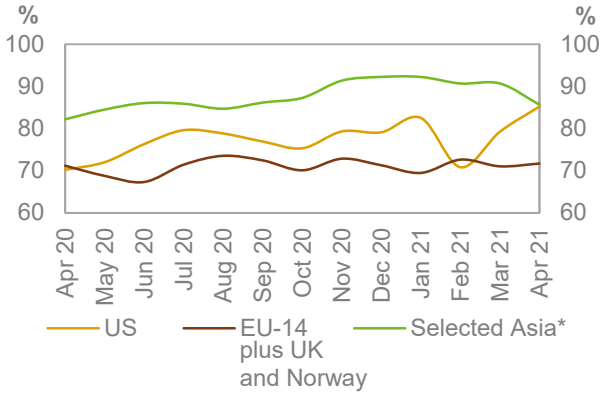
Refinery operations

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

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

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

Graph 6 - 2: Refinery utilization rates



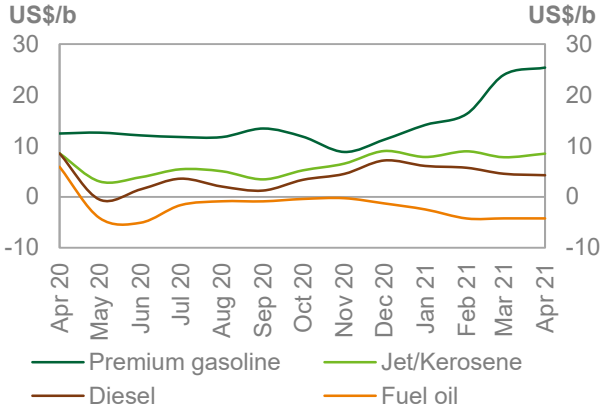
*Note: * China, India, Japan, Singapore and South Korea.*
Sources: Argus, EIA, Euroilstock, PAJ and OPEC.

Product markets

US market

US gasoline crack spreads trended upward for the fifth consecutive month, albeit by a slower rate in April, to reach levels not seen since July 2019. This was mainly driven by strong inventory draws at the beginning of the month. Despite the 900 tb/b rise in US refinery intakes recorded in April, runs remained somewhat supressed in absolute terms, which kept product outputs below normal levels. This led to a relatively tight product market, which combined with positive mobility indicators in the US amid considerable progress in US vaccination rates, led to positive market sentiment and provided a boost in gasoline prices, which reached the highest level in 21 months. The rise in gasoline prices was exacerbated by stronger crude oil prices witnessed over the month.

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



Sources: Argus and OPEC.

The US gasoline crack spreads gained $1.42 m-o-m to average $25.40 in March, down by $2.49/b y-o-y.

The USGC **jet/kerosene crack spreads** maintained the ground gained in the previous month in line with steady improvement in domestic air travel although business and international flights remain subdued. The improvement in jet/kerosene markets was also partially attributed to a 1.5 mb decline over the first half of April as reduction in intakes in the previous month led to lower jet/kerosene availability and supported crack spreads. Going forward, the conclusion of heavy maintenance works should weaken the supply side support, which could challenge the positive impact from projections of stronger air travel activities as the weather gets warmer. The US jet/kerosene crack spread against WTI averaged $8.48/b, up by 70¢ m-o-m, but marginally down by 6¢ y-o-y.

US **gasoil crack spreads** against WTI were pressured by ample product availability as stocks built up for four consecutive weeks in early April and triggered less positive market sentiment. In addition, while gasoil exports from Europe to Latin America remained strong, a closed arbitrage for gasoil deliveries to Europe in light of movement restrictions there exacerbated the negative impact on gasoil margins. The US gasoil crack spread against WTI averaged $4.25/b, down by 29 ¢ m-o-m and by $4.27 y-o-y.

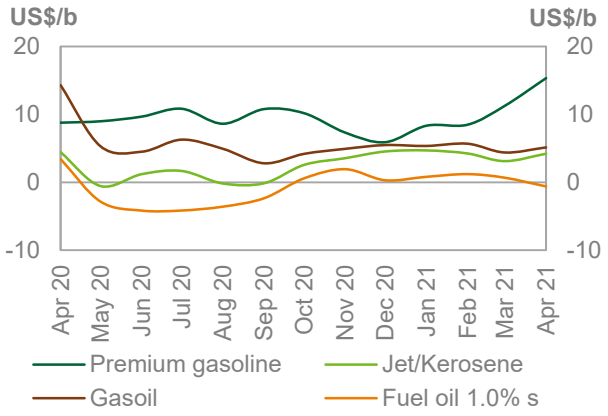
US **fuel oil crack spreads** against WTI remained nearly unchanged for the second consecutive month, affected by the recent maintenance works at secondary processing units and ample fuel oil availability in the country. In April, the US fuel oil crack spread against WTI averaged minus $4.24/b, remaining flat m-o-m but was down by $10.12 y-o-y.

European market

Gasoline crack spreads soared as gasoline prices in April continued to rise, and kept its position at pre-pandemic levels backed by limited supplies following turnarounds amid firm exports to West Africa. Another supportive factor was the gradual improvement in gasoline consumption in Germany and the UK, both representing Europe's largest gasoline markets. However, stricter mobility restrictions elsewhere within the region prevented further gains over the month. The gasoline crack spread against Brent averaged $15.35/b in April, up by $4.08 m-o-m and by $6.57 y-o-y.

Jet/kerosene crack spreads against Brent increased over the month, amid gradually easing restrictions as several airlines recently revised their demand projections higher. The Rotterdam jet/kerosene crack spread against Brent averaged $4.19/b, up by $1.09 m-o-m but down by 22¢ y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Sources: Argus and OPEC.

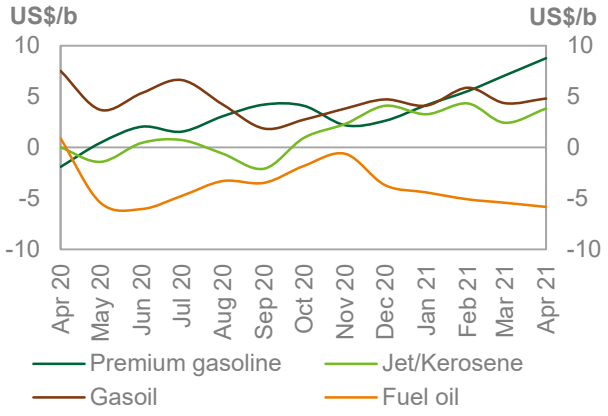
Gasoil crack spreads moved upwards, albeit to a limited extent, in line with significant improvements in mobility activity as truck movements recovered in Germany. Moreover, additional support emerged from Poland, where mobility levels rose considerably relative to February levels, despite some downside derived from mostly diesel-fuelled Turkey, where rising infection rates have forced the government to introduce a full lockdown. The gasoil crack spread against Brent averaged $5.12/b, which was higher by 75¢ m-o-m but lower by $9.17 y-o-y.

At the bottom of the barrel, **fuel oil 1.0% crack spreads** reversed trend and lost ground, pressured by weaker fundamentals as absorption levels from within the region declined amid strong volume arrivals from Russia. Going forward, the gradual return of distillation capacity in Europe is set to contribute to higher fuel oil availability, which could exert pressure on the economics of simple refinery configurations, while refineries with conversion capacity can benefit from fuel oil conversion. In Europe, fuel oil cracks averaged minus $8.56/b in April, having lost 31¢ m-o-m and $5.23 y-o-y.

Asian market

The **Asian gasoline 92-crack spread** jumped, extending the upward trend for the fifth consecutive month, boosted by robust gasoline exports to other regions. As refineries in the West have returned online, the support shifted from demand side to supply side as maintenance works in Asia intensified over the month and gasoline outputs suffered cuts. Despite healthy consumption levels from within the region, the outbreak of the COVID variant in India is set to impact the regional gasoline market negatively in the near term as local authorities consider implementation of national lockdown. The Singapore gasoline crack spread against Oman in February averaged $8.77/b, up by $1.37¢ m-o-m but down by $2.84 y-o-y.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

Asia **naphtha crack spreads** weakened and entered negative territory affected by a sharp widening of the gasoline/naphtha spread to a 13-month high. Seasonal naphtha demand is relatively low due to regular steam cracker maintenance and has been further pressured by an unexpected slowdown of PTTGC's Map Ta Phut in Thailand steam crackers due to problems with power supply, according to Argus Media. Japan has been increasingly importing naphtha over the last few months, with February and March imports averaging around 140,000 b/d (35%) higher than in 2020, and over 100,000 b/d (27%) higher vs 2020 in April. Going forward, Asian naphtha markets are expected to remain well supported by the petrochemical industry with the conclusion of steam cracker maintenance. The Singapore naphtha crack spread against Oman averaged $1.02/b, having decreased by 5¢ m-o-m, but increased by $2.71 y-o-y.

In the middle of the barrel, the **jet/kerosene crack spreads** in Asia reversed trend, moving upwards due to stronger regional requirements for domestic air travel. However, the majority of international flights remain suspended due to prolonged border restrictions amid outbreaks of the new COVID variant in many parts of Asia, while business travel is still being avoided as much as possible. Jet fuel supplies in the region are limited as refiners have kept a cap on production due to weaker refining margins. The end of the winter season in Northeast Asia and subsequent decline in kerosene consumption for heating could weigh further on jet/kerosene markets in the near term. The Singapore jet/kerosene crack spread against Oman averaged minus $0.52/b, down by $1.06 m-o-m and $2.95 y-o-y.

The Singapore **gasoil crack spreads** weakened, supported by limited regional supplies as well as healthy domestic absorption levels backed by strong economic and industrial activities in the region. The Singapore gasoil crack spread against Oman averaged $4.81/b, up by $0.46/b m-o-m but down by $2.71 y-o-y.

The Singapore **fuel oil 3.5% crack spreads** continued to trend downwards, heading deeper into negative territory to reach the lowest level seen since June 2020. The poor performance was attributed to stronger availability and moderate regional fuel oil demand. Singapore fuel oil cracks against Oman averaged minus $5.84/b, down by 41¢ m-o-m and by $6.74 y-o-y.

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

Event	Time frame	Asia	Europe	US	Observations
Relaxation of the full lockdowns	May 21	↑ Positive impact on product markets	↑ Positive impact on product markets	↑ Positive impact on product markets	Seasonality as well as relaxation of the lockdowns could support fuel markets in the immediate near term.
Refinery closures	2Q21–3Q21	↑ Positive impact on product markets	↑ Positive impact on product markets	↑ Positive impact on product markets	In the immediate near term, no impact is expected. However, once markets recover and consumption levels are fully restored to pre-pandemic levels, the product deficit could support the market, particularly during summer months.
COVID-19 vaccine	Summer 2021	↑ Positive impact on product markets	↑ Positive impact on product markets	↑ Positive impact on product markets	Product markets are expected to show y-o-y improvement in product cracks, mainly during the 2021 driving season.

Source: OPEC.

Table 6 - 2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				*Refinery utilization, %*			
	Feb 21	Mar 21	Apr 21	Change Apr/Mar	Feb 21	Mar 21	Apr 21	Change Apr/Mar
US	**12.80**	**14.57**	**15.47**	**0.90**	**70.80**	**79.23**	**85.20**	**6.0 pp**
Euro-14, plus UK and Norway	**8.85**	**8.59**	**8.67**	**0.08**	**72.59**	**71.00**	**71.66**	**0.7 pp**
France	0.57	0.60	0.61	0.01	49.87	52.13	53.04	0.9 pp
Germany	1.61	1.53	1.55	0.02	78.43	74.63	75.43	0.8 pp
Italy	1.06	1.11	1.12	0.02	55.84	58.32	59.13	0.8 pp
UK	0.71	0.66	0.69	0.03	57.19	53.23	55.39	2.2 pp
Selected Asia*	**25.78**	**26.14**	**24.69**	**-1.45**	**90.67**	**90.68**	**85.64**	**-5.0 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

	2018	2019	2020	2Q20	3Q20	4Q20	1Q21	2Q21
Refinery crude throughput								
OECD Americas	**19.31**	**18.96**	**16.54**	**15.31**	**16.35**	**16.24**	**16.21**	**17.87**
of which US	*17.31*	*16.99*	*14.72*	*13.65*	*14.55*	*14.32*	*14.12*	*15.82*
OECD Europe	**12.17**	**12.13**	**10.64**	**9.90**	**10.65**	**10.39**	**10.35**	**10.64**
of which:								
France	*1.10*	*1.00*	*0.67*	*0.58*	*0.76*	*0.71*	*0.57*	*0.66*
Germany	*1.80*	*1.78*	*1.72*	*1.69*	*1.72*	*1.67*	*1.58*	*1.61*
Italy	*1.35*	*1.35*	*1.11*	*0.99*	*1.15*	*1.08*	*1.07*	*1.17*
UK	*1.06*	*1.08*	*0.92*	*0.81*	*0.87*	*0.89*	*0.73*	*0.73*
OECD Asia Pacific	**6.98**	**6.79**	**5.89**	**5.53**	**5.50**	**5.88**	**6.00**	**5.71**
of which Japan	*3.11*	*3.02*	*2.48*	*2.23*	*2.25*	*2.51*	*2.67*	*2.65*
Total OECD	**38.46**	**37.88**	**33.07**	**30.74**	**32.49**	**32.52**	**32.56**	**34.23**
Latin America	**4.31**	**4.11**	**3.21**	**2.65**	**3.24**	**3.22**	**3.32**	**3.50**
Middle East	**6.97**	**6.83**	**6.02**	**5.42**	**6.24**	**6.37**	**6.64**	**6.75**
Africa	**2.16**	**2.16**	**2.06**	**1.91**	**1.98**	**2.08**	**2.04**	**2.05**
India	**4.89**	**5.04**	**4.42**	**3.86**	**4.00**	**4.73**	**4.93**	**4.51**
China	**12.03**	**13.02**	**13.48**	**13.76**	**14.00**	**14.14**	**14.12**	**13.88**
Other Asia	**5.18**	**4.95**	**4.54**	**4.15**	**4.12**	**4.47**	**4.54**	**4.77**
Russia	**5.72**	**5.70**	**5.39**	**5.10**	**5.28**	**5.29**	**5.55**	**5.69**
Other Eurasia	**1.32**	**1.30**	**1.20**	**1.13**	**1.21**	**1.32**	**1.37**	**1.41**
Other Europe	**0.63**	**0.62**	**0.49**	**0.43**	**0.46**	**0.50**	**0.46**	**0.54**
Total Non-OECD	**43.22**	**43.73**	**40.81**	**38.41**	**40.53**	**42.12**	**42.96**	**43.10**
Total world	**81.68**	**81.61**	**73.88**	**69.14**	**73.02**	**74.63**	**75.52**	**77.33**

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

		Mar 21	Apr 21	Change Apr/Mar	Annual avg. 2020	Year-to-date 2021
US Gulf (Cargoes FOB)						
Naphtha*		65.52	62.39	-3.13	38.31	61.91
Premium gasoline	(unleaded 93)	86.33	87.11	0.78	51.89	78.76
Regular gasoline	(unleaded 87)	82.36	82.91	0.55	47.72	75.34
Jet/Kerosene		70.13	70.19	0.06	46.83	67.07
Gasoil	(0.2% S)	66.89	65.96	-0.93	44.92	63.96
Fuel oil	(3.0% S)	54.40	56.04	1.64	34.72	52.83
Rotterdam (Barges FoB)						
Naphtha		63.36	61.70	-1.66	39.00	60.41
Premium gasoline	(unleaded 98)	76.83	79.81	2.98	51.34	72.60
Jet/Kerosene		68.66	68.65	-0.01	45.72	65.79
Gasoil/Diesel	(10 ppm)	69.93	69.58	-0.35	49.17	66.87
Fuel oil	(1.0% S)	66.22	63.84	-2.38	40.87	62.25
Fuel oil	(3.5% S)	58.71	57.38	-1.33	37.71	55.51
Mediterranean (Cargoes FOB)						
Naphtha		62.59	60.82	-1.77	37.58	59.55
Premium gasoline**		73.63	74.64	1.01	45.41	68.51
Jet/Kerosene		66.24	66.44	0.20	43.06	63.56
Diesel		69.40	68.92	-0.48	48.55	66.33
Fuel oil	(1.0% S)	67.48	65.31	-2.17	43.54	63.47
Fuel oil	(3.5% S)	55.71	54.41	-1.30	33.31	52.76
Singapore (Cargoes FOB)						
Naphtha		65.03	62.40	-2.63	40.66	61.28
Premium gasoline	(unleaded 95)	73.43	73.94	0.51	46.59	68.81
Regular gasoline	(unleaded 92)	71.47	71.69	0.22	44.99	67.11
Jet/Kerosene		66.82	66.74	-0.08	44.75	64.18
Gasoil/Diesel	(50 ppm)	69.54	68.73	-0.81	49.19	66.45
Fuel oil	(180 cst)	68.39	67.40	-0.99	47.86	65.25
Fuel oil	(380 cst 3.5% S)	58.97	57.08	-1.89	36.75	55.54

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

Sources: Argus and OPEC.

Tanker Market

Dirty tanker rates declined in April, as the improvement seen in March in the Suezmax and Aframax classes proved temporary and VLCCs rates moved sideways. Rates fell as gains in the Atlantic Basin triggered by the fallout from the February big freeze in the US Gulf Coast (USGC) unwound. Clean rates rose across the board, except on the NWE-to-US East Coast (USEC) route, where rates fell back from the relatively strong levels seen in the prior two months. Dirty tanker rates are not expected to pick up until 2H21 or 2022, with the latter date more likely. The outlook for clean rates, however, is slightly more positive.

Spot fixtures

Global spot fixtures declined m-o-m in April, falling by almost 2.0 mb/d, or over 12%, to average 14.3 mb/d. Spot fixtures were around 6.5 mb/d, or 31%, lower than the same month last year. The decline came amid continued sluggish tanker demand due to an ongoing destocking globally, and as tanker availability remained high amid lower-than-expected scrapping.

Table 7 - 1: Spot fixtures, mb/d

				Change
	Feb 21	Mar 21	Apr 21	Apr 21/Mar 21
All areas	**16.04**	**16.22**	**14.27**	**-1.95**
OPEC	9.99	10.54	9.59	-0.95
Middle East/East	5.37	6.09	5.16	-0.93
Middle East/West	0.93	0.70	1.00	0.30
Outside Middle East	3.69	3.75	3.43	-0.32

Sources: Oil Movements and OPEC.

OPEC spot fixtures fell m-o-m in April, down by almost 1.0 mb/d, or 9%, to average 9.59 mb/d. Compared with the same month last year, OPEC spot fixtures were over 34% lower, down by 4.9 mb/d.

Fixtures from the **Middle East-to-West** provided a bright note, averaging 1.0 mb/d in April, representing a jump of close to 43% m-o-m, or 0.3 mb/d. Y-o-y, the route saw a decline of 1.9 mb/d, or almost 65%, from the strong levels seen in April 2020. Separate Vortexa data shows the m-o-m increase was driven by flows to the US Gulf that grew sharply in March and April ahead of the driving season and as flows to the Med remained high relative to recent months.

Middle East-to-East fixtures fell by 15%, or more than 0.9 mb/d m-o-m, to average around 5.2 mb/d. This was almost 3.0 mb/d, or 37%, lower than in the same month last year.

Outside Middle East fixtures fell by almost 0.3 mb/d, or close to 9% m-o-m, to average 3.4 mb/d. Y-o-y, fixtures were down by just over 2%, or less than 0.1 mb/d.

Sailings and arrivals

Sailings were broadly unchanged in April from the previous month, with **OPEC sailings** averaging 21.5 mb/d. Y-o-y, OPEC sailings were down 4.0 mb/d, or almost 16%.

Middle East sailings edged marginally higher, averaging 15.6 mb/d. Y-o-y, sailings from the region were down 3.2 mb/d, or 17%, compared with the same month last year.

Crude arrivals were higher m-o-m on all routes in April, except in Europe. Arrivals in West Asia rose 0.2 mb/d, or close to 4%, to average 6.4 mb/d. Y-o-y, West Asia arrivals were 2.1 mb/d, or 47%, higher. Arrivals in the Far East increased 0.5 mb/d, or just under 5%, to average 12.4 mb/d. This was 4.3 mb/d, or 53%, higher than the same month last year. Arrivals in North America averaged 8.4 mb/d, representing a gain of 0.3 mb/d, or around 4%, and a 0.5 mb/d, or over 6%, increase y-o-y.

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

	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
Sailings				
OPEC	20.13	21.46	21.47	0.01
Middle East	14.98	15.55	15.56	0.01
Arrivals				
North America	8.07	8.06	8.35	0.29
Europe	10.98	11.88	11.85	-0.03
Far East	12.48	11.87	12.41	0.54
West Asia	5.51	6.21	6.44	0.23

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

VLCC spot rates remain at low levels, despite rising 5% m-o-m. They are 77% lower than the same month last year, when a surge of supply onto the market swept up tanker availability and pushed rates to multi-year highs. The improvement came amid higher flows to Asia targeting the end of maintenance, as well as higher flows on VLCCs to North America and Europe to a lesser extent, as these markets are seeing signs of a recovery from COVID-19 impacts. Ample availability, however, capped gains.

Rates on the **Middle East-to-East** route led gains, increasing 11% m-o-m to average WS34 points. Y-o-y, rates were 78% below the same month last year. Higher rates were supported by an increase in flows to China and South Korea, offsetting declines in Japan and India, according to Vortexa data.

Rates on the **Middle East-to-West** route edged up 3% m-o-m to average WS23 points in April. Y-o-y, rates were 78% lower. The increase in rates were driven by a jump in departures to the USGC, which expanded sharply for the second month.

The **West Africa-to-East** route remained flat m-o-m in April at WS36. Rates were 76% lower compared with April 2020. The sluggish performance came amid lower demand for VLCC flows to India and Thailand.

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

	Size *1,000 DWT*	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
VLCC					
Middle East/East	230-280	32	31	34	3
Middle East/West	270-285	22	22	23	1
West Africa/East	260	35	36	36	0

Sources: Argus and OPEC.

Suezmax

Suezmax rates gave up the gains seen in March, declining 19% as a number of disruptions supporting the market continued to unwind. Compared with the same month last year, average Suezmax rates were 61% lower.

On the **West Africa-to-USGC** route, rates average WS54, a decline of 14% compared to the month before. Y-o-y, rates were 62% lower than in April 2020.

Meanwhile, spot freight rates on the **USGC-to-Europe** route fell 25% m-o-m to average WS45 points. This was 60% lower compared with the same month last year.

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

	Size				Change
	1,000 DWT	Feb 21	Mar 21	Apr 21	Apr 21/Mar 21
Suezmax					
West Africa/US Gulf Coast	130-135	51	62	54	-9
US Gulf Coast/ Europe	150	53	60	45	-15

Sources: Argus and OPEC.

Aframax

After an improved performance in March, **Aframax** rates declined by 27% m-o-m in April. This was 44% lower than the same month last year. The declines came as upward pressure on rates from disruptions in the USGC dissipated.

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

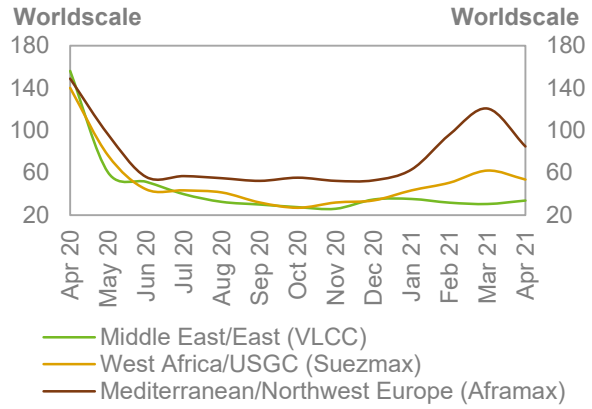
	Size				Change
	1,000 DWT	Feb 21	Mar 21	Apr 21	Apr 21/Mar 21
Aframax					
Indonesia/East	80-85	64	90	82	-8
Caribbean/US East Coast	80-85	98	137	91	-46
Mediterranean/Mediterranean	80-85	98	125	87	-38
Mediterranean/Northwest Europe	80-85	96	121	85	-36

Sources: Argus and OPEC.

The biggest decline was in the **Caribbean-to-USEC** route, which dropped 34% m-o-m to average WS91. Y-o-y, rates on the route were 40% lower.

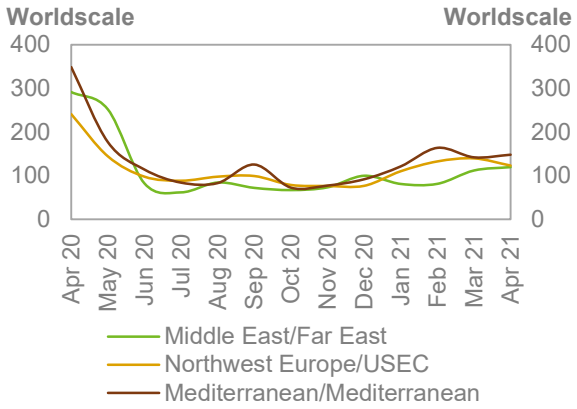
Med routes also experienced strong declines m-o-m in April, after increasing over the first quarter of this year. Both routes declined 30%, with the **Mediterranean-to-Northwest Europe (NWE)** route averaging WS85 and the **Cross-Med** route averaging WS87. Compared to the same month last year, the routes were 44% and 43% lower, respectively.

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



Sources: Argus and OPEC.

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



Sources: Argus and OPEC.

Clean tanker freight rates

Clean spot freight rates managed to see some improvement in April, rising 1% on gains East of Suez. Rates to the east were 3% higher, while rates to the west declined 1%. Compared to the same month last year, East of Suez rates were 49% lower while West of Suez rates were down 55%.

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

	Size				Change
	1,000 DWT	Feb 21	Mar 21	Apr 21	Apr 21/Mar 21
East of Suez					
Middle East/East	30-35	81	112	120	8
Singapore/East	30-35	121	146	147	1
West of Suez					
Northwest Europe/US East Coast	33-37	133	140	123	-17
Mediterranean/Mediterranean	30-35	163	142	148	6
Mediterranean/Northwest Europe	30-35	173	150	158	8

Sources: Argus and OPEC.

The **Middle East-to-East** route increased 7% in April, averaging WS120. This represented a 59% decline compared with the same month last year. On the **Singapore-to-East** route, clean freight rates edged higher by 1% in April. With an average of WS147, rates were 38% lower compared with April 2020.

The **Cross-Med** and **Med-to-NWE** routes also saw gains, increasing by 4% and 5%, respectively, to average WS148 and WS158 points. In contrast, rates on the **NWE-to-USEC** route fell 12% m-o-m, to average WS123 points, and were 49% lower compared with the same month last year.

Crude and Refined Products Trade

US crude imports rose 0.2 mb/d m-o-m in April, to average 6.0 mb/d, the highest in 10 months, according to preliminary data. US crude exports declined to their lowest since December 2018, averaging 2.6 mb/d. US product imports remained near a 19-month high, while product exports rose to the highest since the freeze in February disrupted USGC refineries. For the coming months, the US is seen as a key driver behind a continued improvement in trade momentum. Moreover, the pace and timing of crude exports is likely to have an impact on market rebalancing.

In China, crude imports remained near a four-month high in March, averaging 11.7 mb/d. Product exports continued moving higher, reaching a 10-month high of 1.7 mb/d, driven by a strong performance from gasoil and jet. China's crude imports are expected to ease in 2Q21 from the current high levels, as refinery maintenance slows requirements. Preliminary data for April reflects this, showing crude imports falling to 9.9 mb/d. Product exports are likely to ease on a combination of lower outputs due to maintenance and improving domestic demand.

India's crude imports fell to a five-month low in March, averaging 4.3 mb/d. India's product imports slipped further, while product exports jumped 32% m-o-m in March, driven by strong outflows of gasoil. In the near-term, the destabilizing surge in COVID cases in the country is likely to curtail crude and product imports, and could result in increased product exports in efforts to manage high inventory levels.

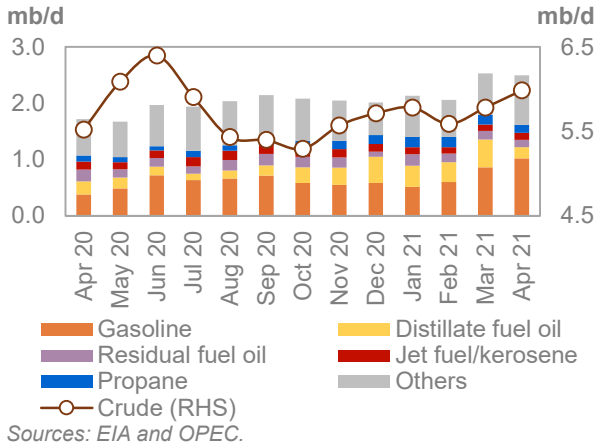
Japan's crude imports declined in March after three months of healthy levels supported by winter demand. Product imports dropped back from a three-year high, averaging 1.1 mb/d. While supportive of the market in recent months, inflows of crude and products are likely to ease in the near-term with the end of winter heating demand, the start of the regional refinery maintenance season and renewed lockdowns due to COVID-19.

The latest data for OECD Europe show crude imports declined 0.2 mb/d m-o-m in January to 7.8 mb/d. Crude exports averaged 0.8 mb/d, the highest since 2006, with increased exports from Norway and the UK heading primarily to China. Product imports recovered some of the previous month's losses, with diesel and jet leading gains. More recent estimates show continued strong crude exports in 1Q21 and a pickup in crude imports at the start of 2Q21 as demand picks up amid an easing outlook on lockdowns.

US

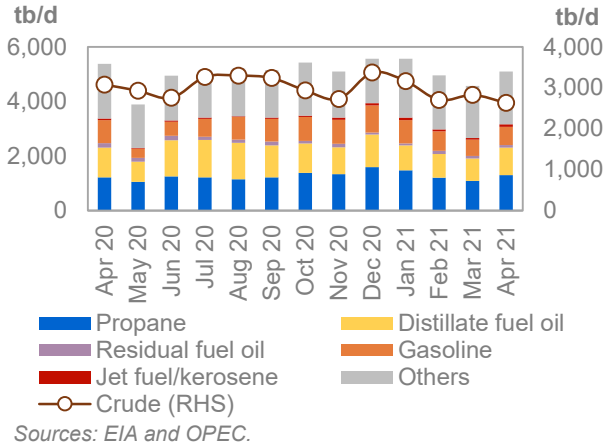
Preliminary data shows that **US crude imports** rose 0.2 mb/d m-o-m, or 4%, in April to average 6.0 mb/d, the highest in 10 months. The gains were a continuation of the recovery from disruptions caused by the severe winter weather in February, and supported by positive momentum from the easing of the impacts of COVID-19. Crude imports were more than 8%, or 0.5 mb/d, higher compared to 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.

US crude exports averaged just 2.6 mb/d in April, the lowest since December 2018. M-o-m, crude outflows were 0.2 mb/d lower, or around 7%. Crude exports were 0.4 mb/d lower, or 15%, compared with the same month last year. It is likely that crude outflows will see upward momentum in the coming months as more crude becomes available amid a return of activity following the February disruptions.

The latest monthly data for **US crude exports by destination** shows generally lower flows to the Asian region in February. China's purchases of US crude averaged 0.3 mb/d in January, compared to 0.4 mb/d the month before. Over the same period, crude exports to India and South Korea were each around 0.1 mb/d lower, averaging 0.5 mb/d and 0.2 mb/d, respectively. Separate customs data for March points to South Korea boosting inflows to 0.4 mb/d to become the top destination for the month, followed by India with 0.3 mb/d. In April, exports to the Netherlands jumped to 0.5 mb/d from 0.1 mb/d in March.

US net crude imports averaged 3.4 mb/d in April, compared to 3.0 mb/d the month before and 2.4 mb/d in the same month last year.

On the product side, preliminary data shows **US product imports** remained steady near a 19-month high in April averaging 2.5 mb/d. This represents a negligible decline of 32 tb/d m-o-m and a gain of 0.8 mb/d over the same month last year. These levels were a continuation of the high flows from Europe triggered by US weather disruptions in February.

US product exports recovered in April from the lows seen over the previous two months, averaging 5.1 mb/d in April, representing an almost 12% increase over the previous month. The improvement in flows reflected the return of normal distillate trade flows that had been disrupted by the February freeze. Y-o-y, however, product exports were still 0.3 mb/d, or 5%, lower than the same month last year.

As a result, **US net product exports** averaged 2.6 mb/d in April, compared with an exceptionally low 2.0 mb/d the month before and 3.7 mb/d in April 2020.

Preliminary data indicates that the US remained a **net crude and product importer** in April, with net inflows of almost 0.8 mb/d. This compares with net imports of almost 0.9 mb/d the month before and net exports of 1.2 mb/d in April 2020.

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

US	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
Crude oil	2,886	2,957	3,352	395
Total products	-2,899	-2,036	-2,601	-565
Total crude and products	-13	921	751	-170

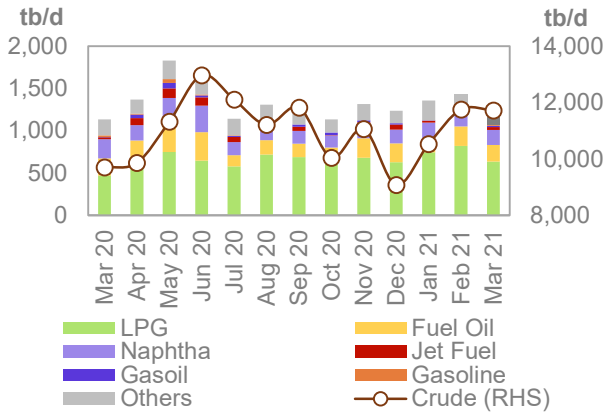
Note: Totals may not add up due to independent rounding.
Sources: EIA and OPEC.

China

China's crude oil imports remained resilient in March, averaging 11.7 mb/d, negligibly lower m-o-m. It was the fifth-highest figure on record. Compared to the same month last year, imports were 2.0 mb/d higher, or up almost 21%. Preliminary customs data for April show imports averaged 9.9 mb/d as refiners entered the maintenance season and fell back on ample stocks due to a strong slate of imports from the first quarter.

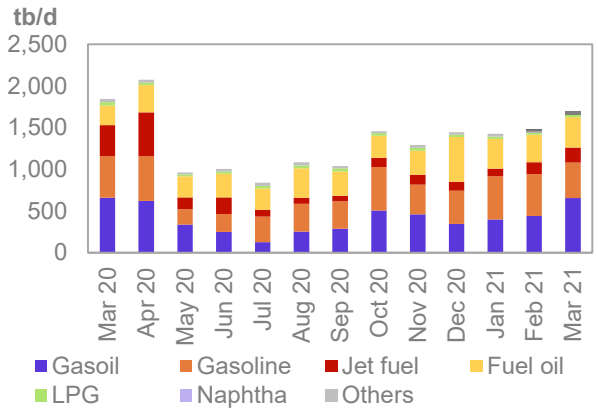
In terms of **crude imports by source**, Saudi Arabia remained in the top position in March, with a share of almost 16%. Russia came in second with 15% followed by Brazil and Oman with 8% and 7%, respectively.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

Product imports fell back from an eight-month high, averaging less than 1.3 mb/d, representing a decline of 0.2 mb/d, or 13%, from the previous month. This is around 0.1 mb/d, or more than 10% lower, compared to the same month last year. Losses were driven by LPG and fuel oil.

China's **product exports** continued moving higher, reaching a 10-month high of 1.7 mb/d, driven by a strong performance from gasoil and jet. Compared to the previous month, product outflows were 0.2 mb/d, or 15%, higher. Y-o-y, product exports were lower by about 0.2 mb/d. Preliminary data shows product exports remained relatively level m-o-m in April amid lower refinery outputs and improving domestic demand.

Taken together, China's **net product exports** averaged 0.5 mb/d in March. This compares to net exports of only 38 tb/d the month before and 0.7 mb/d in the same month last year.

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

China	Jan 21	Feb 21	Mar 21	Change Mar 21/Feb 21
Crude oil	10,521	11,673	11,710	38
Total products	-72	-38	-450	-412
Total crude and products	**10,449**	**11,635**	**11,261**	**-374**

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

Sources: China, Oil and Gas Petrochemicals and OPEC.

India

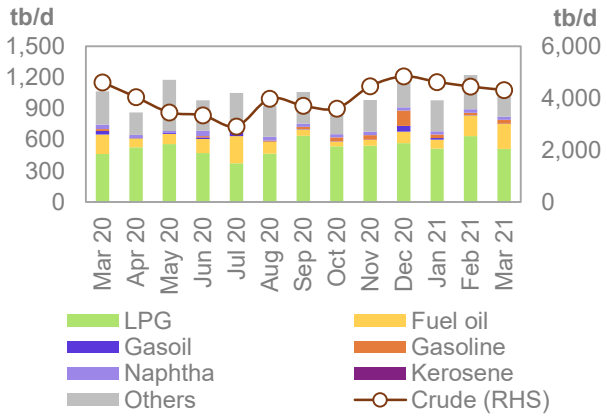
India's crude imports continued to decline in March, falling for the third month in a row to average 4.3 mb/d, the lowest in five months. This was due to renewed COVID-19 impacts, as well as rising prices that weighed on demand for crude imports. Crude inflows were down 0.1 mb/d, or 3%, from the previous month. Compared to the same month last year, crude imports declined 0.3 mb/d or 6%.

The latest available customs data shows Iraq remained the **top crude exporter** to India in February with a share of 23%, up from 19% in the prior month. UAE was second with 15%, followed by the United States with 14%, then Nigeria and Saudi Arabia with 11% each.

Product imports slipped from the good showing the month before, averaging 1.1 mb/d. The declines were driven by lower LPG inflows. The total figures represent a 0.1 mb/d, or 8%, decline m-o-m, and a 55 tb/d, or 5% gain, y-o-y.

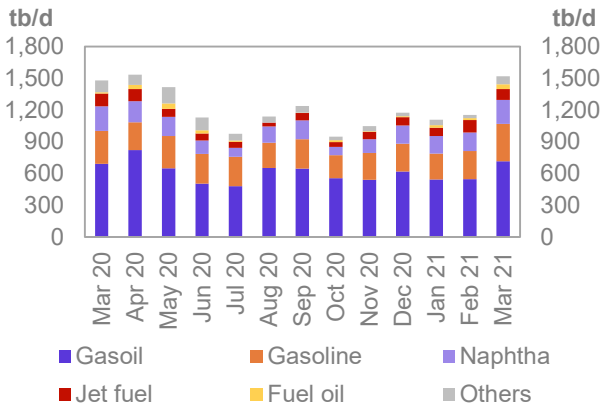
Product exports showed a strong performance, increasing by almost 32% to average 1.5 mb/d in March, the highest in 11 months. All major products showed healthy gains, except jet fuel. The increases were driven by higher refinery runs along with strong demand in export markets, particularly Asia and the Middle East, amid lower availability from Europe and the Mediterranean.

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



Sources: PPAC and OPEC.

Graph 8 - 6: India's exports of products



Sources: PPAC and OPEC.

India was a **net product exporter** in March, with net outflows of 0.4 mb/d. This compares to net imports of 68 tb/d in the previous month and outflows of 0.4 mb/d in March 2020.

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

India	Jan 21	Feb 21	Mar 21	Change Mar 21/Feb 21
Crude oil	4,627	4,446	4,312	-135
Total products	-127	68	-397	-465
Total crude and products	**4,500**	**4,514**	**3,915**	**-600**

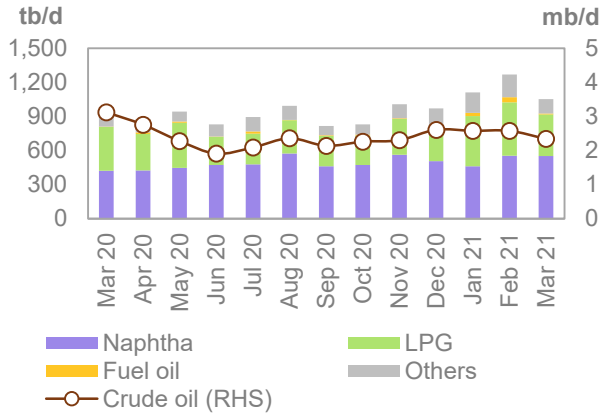
Note: Totals may not add up due to independent rounding.
India data table does not include information for crude import and product export by Reliance Industries.
Sources: PPAC and OPEC.

Japan

Japan's crude imports declined following three-months of healthy levels that had been supported by heating demand. Crude inflows averaged 2.3 mb/d in March, a drop of 0.2 mb/d, or 9%, m-o-m, and 0.8 mb/d, or 25%, y-o-y.

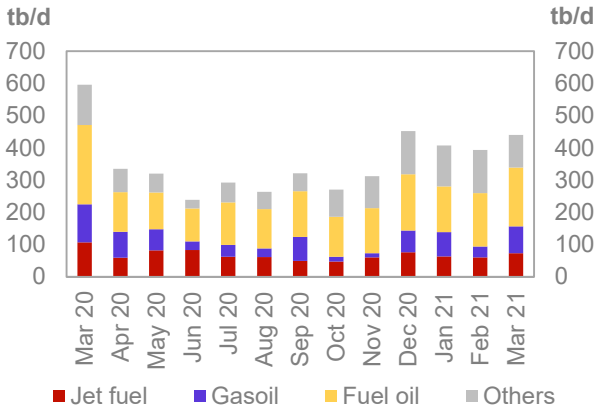
Saudi Arabia remained the **top supplier of crude** to Japan in March, with a share of 45%. The UAE was second, followed by Qatar and Kuwait, with shares of 26%, 11% and 8%, respectively.

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 imports including LPG in April dropped back from a three-year high in the prior month to average 1.1 mb/d, on lessening demand for heating fuels. Compared to the previous year, product inflows into Japan were 0.2 mb/d, or 17%, higher.

Product exports including LPG rose 12% m-o-m to average around 0.4 mb/d in March, with gains across all major categories. This represents a 46 tb/d, or 12%, increase m-o-m and a drop of 0.2 mb/d, or 26%, y-o-y.

As a consequence, Japan's **net product imports** averaged 0.6 mb/d in March, representing a decline of 0.3 mb/d, or around 30%, compared to the previous month. Net product imports were more than double the levels seen in March 2020.

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

Japan	Jan 21	Feb 21	Mar 21	Change Mar 21/Feb 21
Crude oil	2,581	2,580	2,344	-236
Total products	706	876	612	-263
Total crude and products	**3,286**	**3,455**	**2,956**	**-499**

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

OECD Europe

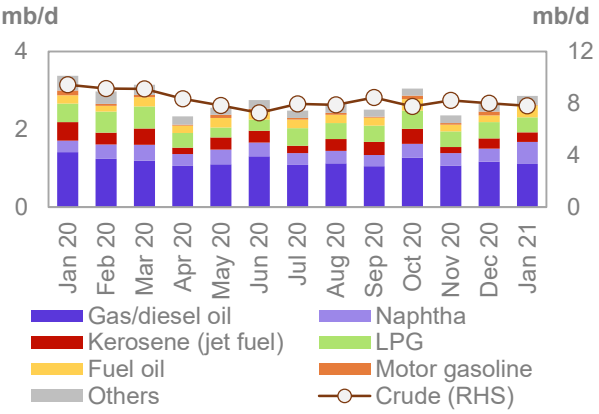
The most recent official data shows OECD Europe **crude imports** declined m-o-m by almost 0.2 mb/d in January to average 7.8 mb/d. Compared to the same month last year, crude inflows were 1.6 mb/d lower, or 17%.

Crude exports to the OECD Europe averaged 0.8 mb/d, the highest level since 2006, with increased exports from Norway supported by higher output from the Johan Sverdrup field. Crude inflows were up 91 tb/d m-o-m, or 12%, and 0.3 mb/d higher y-o-y, or 45%, with the latter reflecting Chinese refiners appetite for Norwegian grades amid higher output over the period.

As a result, **net crude imports** averaged almost 7.0 mb/d in January, down from 7.3 mb/d the month before and 8.9 mb/d in the same month of 2020.

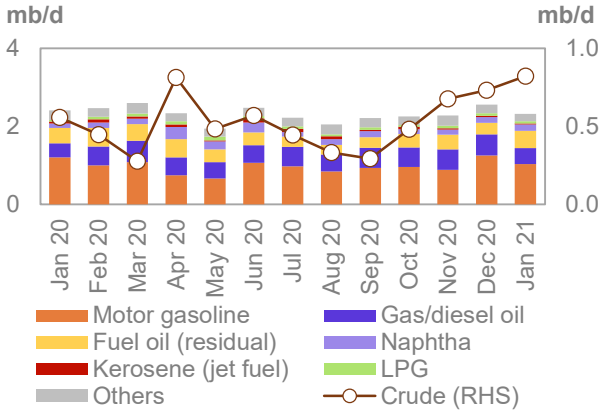
On the **product** side, **imports** increased for the second month in a row, averaging 2.9 mb/d, representing a gain of 0.2 mb/d, or almost 8%. The rise was mainly driven by naphtha inflows. Y-o-y, OECD Europe product inflows declined 0.5 mb/d, or 15%.

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.

Product exports fell back from the previous month's strong performance, declining 0.2 mb/d, or almost 10%, to average 2.3 mb/d. Gasoline and diesel led declines, overwhelming a jump in fuel oil.

As a result, **net product imports** averaged 0.5 mb/d in January, compared to 87 tb/d the month before and almost 1.0 mb/d in January 2020.

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

OECD Europe	Nov 20	Dec 20	Jan 21	Change Jan 21/Dec 20
Crude oil	7,552	7,268	6,980	-287
Total products	75	87	541	454
Total crude and products	**7,627**	**7,355**	**7,522**	**167**

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

Sources: IEA and OPEC.

Combined, **net crude and product imports** averaged 7.5 mb/d in January, compared to 7.4 mb/d the month before and just under 9.9 mb/d in January 2020.

Eurasia

Total crude oil exports from Russia and Central Asia declined 0.3 mb/d, or 5%, to average just under 6.0 mb/d in March. Y-o-y, total crude exports from the region were 1.4 mb/d, or 19%, lower.

Crude exports through the **Transneft system** were broadly unchanged at 3.3 mb/d. Compared to the same month last year, exports were 1.0 mb/d, or 24% lower.

For March, total shipments from the Black Sea edged up 23 tb/d m-o-m, or around 6%, to average 411 tb/d. In contrast, total Baltic Sea exports declined marginally m-o-m, or less than 1%, to average 0.9 mb/d, with shipments from Primorsk down 3% to 597 tb/d and Ust-Luga exports increasing 4% to 346 tb/d. Meanwhile, shipments via the Druzhba pipeline edged up 7 tb/d m-o-m, or 1%, to average 697 tb/d. Kozmino shipments fell 24 tb/d m-o-m, or 3%, to average 673 tb/d. Exports to China via the ESPO pipeline rose less than 1% m-o-m to average 578 tb/d.

In the **Lukoil system**, exports via the Barents Sea fell 27 tb/d to average 102 tb/d in March, while those from the Baltic Sea were marginally higher.

On other routes, **Russia's Far East** exports declined by over 9% m-o-m to average 344 tb/d. This was around 16% lower compared with the same month last year.

Central Asia's total exports averaged 197 tb/d in March, down by about 8% compared with the month before and 4% higher than the same month last year.

Black Sea total exports declined 240 tb/d m-o-m, or almost 15%, to average just under 1.4 mb/d in March, with Novorossiyk responsible for the bulk of the losses, although Supsa port also saw a decline. Y-o-y, Black Sea flows were 307 tb/d, or 18% lower. Meanwhile, exports via the **Baku-Tbilisi-Ceyhan (BTC) pipeline** rose 8% m-o-m to 576 tb/d, representing an increase of 4% y-o-y.

Total product exports from Russia and Central Asia declined 7% m-o-m to average 3.1 mb/d in March. M-o-m declines were seen across the board, except for VGO. Gasoil and fuel oil experienced the biggest volume losses, down 101 tb/d and 84 tb/d, respectively. Y-o-y, total product exports were 146 tb/d, or 4%, lower in March, with declines in gasoil and most other major products outpacing a jump in fuel oil.

Commercial Stock Movements

Preliminary March data sees total OECD commercial oil stocks increasing by 10.0 mb m-o-m. At 2,987 mb, they were 13.5 mb higher than the same time one year ago, 37.8 mb above the latest five-year average and 73.0 mb above the 2015-2019 average. Within the components, crude and products stocks rose m-o-m by 6.7 mb and 3.3 mb, respectively. OECD crude stocks stood 3.4 mb above the latest five-year average, and 16 mb above the 2015-2019 average. Product stocks exhibited a surplus of 34.4 mb above the latest five-year average, and were 57.0 mb above the 2015-2019 average.

In terms of days of forward cover, OECD commercial inventories in March declined m-o-m by 0.6 days to stand at 67.4 days. This is 11.7 days lower than the year-ago level, 1.5 days above the latest five-year average and 5.1 days above the 2015-2019 average.

Preliminary data for April showed that total US commercial oil stocks fell m-o-m by 12.7 mb to stand at 1,280 mb. This is 117.6 mb, or 8.4%, lower than the same month a year ago, and 27.0 mb, or 2.1%, below the latest five-year average. Crude stocks fell by 13.2 mb, while product stocks rose by 0.5 mb.

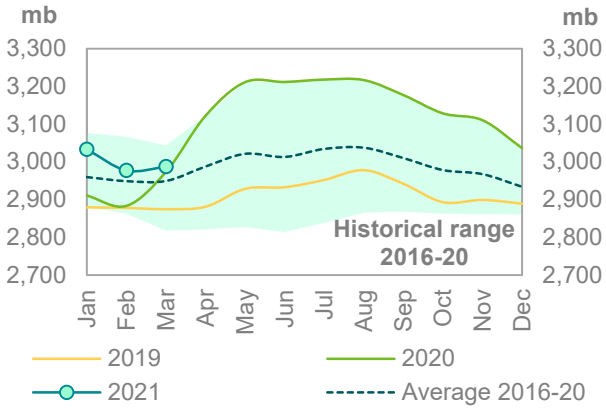
OECD

Preliminary March data sees **total OECD commercial oil stocks** increasing by 10.0 mb m-o-m. At 2,987 mb, they were 13.5 mb higher than the same time one year ago and 37.8 mb above the latest five-year average.

Within the components, crude and products stocks rose m-o-m by 6.7 mb and 3.3 mb, respectively. Total commercial oil stocks in March rose in OECD America and OECD Europe, while they fell in OECD Asia Pacific.

OECD **commercial crude stocks** rose in March by 6.7 mb to stand at 1,488 mb. This is 9.9 mb higher than the same time a year ago and 3.4 mb above the latest five-year average. Compared with the previous month, OECD America and OECD Europe registered stock builds of 5.2 mb and 4.9 mb, respectively, while OECD Asia Pacific witnessed a stock draw of 3.3 mb

Graph 9 - 1: OECD commercial oil stocks



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

Total product inventories rose by 3.3 mb m-o-m in March to stand at 1,499 mb. This is 3.7 mb above the same time a year ago, and 34.4 mb above the latest five-year average.

Within the OECD regions, product stocks in OECD Americas rose by 10.7 mb, while OECD Europe and OECD Pacific dropped by 2.8 mb and 4.6 mb, respectively.

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 0.6 days in March to stand at 67.4 days. This is 11.7 days below March 2020 levels, but 1.5 days above the latest five-year average. OECD Americas and OECD Asia Pacific were below the latest five-year averages: the Americas by 0.4 days at 64.4 days and Asia Pacific by 0.4 days at 52.3 days. OECD Europe, however, is in a surplus of 6.4 days at 81.6 days.

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

					Change
	Mar 20	Jan 21	Feb 21	Mar 21	Mar 21/Feb 21
OECD stocks					
Crude oil	1,478	1,470	1,481	1,488	6.7
Products	1,495	1,562	1,496	1,499	3.3
Total	**2,973**	**3,033**	**2,977**	**2,987**	**10.0**
Days of forward cover	**79.1**	**69.3**	**68.0**	**67.4**	**-0.6**

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

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

OECD Americas

OECD Americas total commercial stocks rose by 15.9 mb m-o-m in March to settle at 1,574 mb. This is 1.8 mb less than the same month last year and 24.0 mb higher than the latest five-year average.

Commercial crude oil stocks in OECD Americas rose by 5.2 mb m-o-m in March to stand at 857 mb, which is 18.4 mb higher than in March 2020 and 34.8 mb above the latest five-year average. The stock build came on the back of higher crude imports and despite increasing crude runs in March.

Total product stocks in OECD Americas rose m-o-m by 10.7 mb in March, reversing the sharp drop of last month to stand at 717 mb. This was 20.2 mb lower than the same month one year ago and 10.8 mb below the latest five-year average. Higher refinery throughput was behind the stock build.

OECD Europe

OECD Europe total commercial stocks rose by 2.1 mb m-o-m in March to settle at 1,038 mb. This is 5.5 mb above the same month last year and 28.1 mb higher than the latest five-year average.

OECD Europe's **commercial crude stocks** rose m-o-m by 4.9 mb in March to end the month at 431 mb, which is 15.5 mb lower than one year ago and 6.2 mb below the latest five-year average. The build in March came on the back of lower m-o-m refinery throughputs in the EU-14 plus UK and Norway, which fell by around 260 tb/d to 8.59 mb/d.

In contrast, OECD Europe's **commercial product stocks** fell m-o-m by 2.8 mb to end March at 607 mb. This is 21.0 mb higher than a year ago and 34.3 mb above the latest five-year average.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks fell m-o-m by 7.9 mb in March to stand at 376 mb. This is 9.8 mb higher than a year ago, but 14.3 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** fell by 3.3 mb m-o-m to end March at 200 mb, which is 7.0 mb higher than one year ago, but 25.2 mb below the latest five-year average.

OECD Asia Pacific's **total product inventories** fell by 4.6 mb m-o-m to end March at 175 mb. This is 2.8 mb higher than the same time a year ago, and 10.9 mb above the latest five-year average.

US

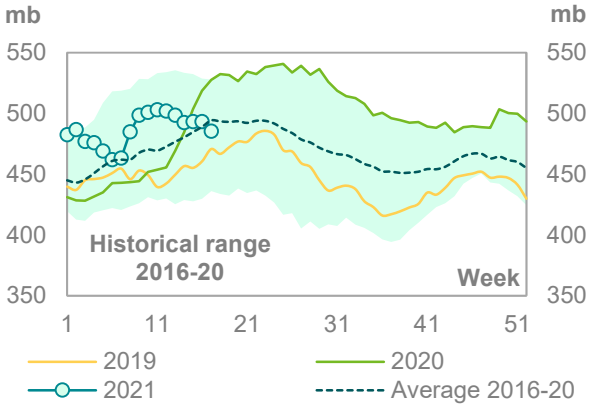
Preliminary data for April showed that **total US commercial oil stocks** fell m-o-m by 12.7 mb to stand at 1,280 mb. This is 117.6 mb, or 8.4%, lower than the same month a year ago, and 27.0 mb, or 2.1%, below the latest five-year average. Crude stocks fell by 13.2 mb, while product stocks rose by 0.5 mb.

US **commercial crude stocks** in April fell by 13.2 mb m-o-m to stand at 485 mb. This is 44.0 mb, or 8.3%, lower than the same month last year, and 8.7 mb, or 1.8%, below the latest five-year average. The stock draw came on the back of higher crude runs.

In contrast, **total product stocks** in April rose m-o-m by 0.5 mb to stand at 795 mb. This is 73.5 mb, or 18.3%, below April 2020 levels, and 18.3 mb, or 2.3%, lower than the latest five-year average. The build was mainly driven by higher refinery output.

Gasoline stocks rose m-o-m by 1.2 mb in April to settle at 235.8 mb. This is 21.5 mb, or 8.4%, below the same month last year, and 7.3 mb, or 3.0%, lower than the latest five-year average. The monthly stock build came mainly on the back of higher gasoline production.

Graph 9 - 2: US weekly commercial crude oil inventories



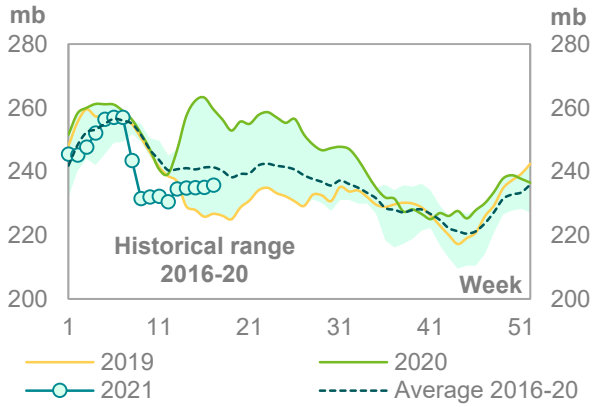
Sources: EIA and OPEC.

Residual fuel oil stocks rose m-o-m in April, increasing by 0.7 mb. At 31.6 mb, this was 4.9 mb, or 13.5%, lower than a year ago, and 3.9 mb, or 11.0%, below the latest five-year average.

Jet fuel rose m-o-m by 1.5 mb, ending April at 39.8 mb. This is 0.2 mb, or 0.5%, lower than the same month last year, and 2.3 mb, or 5.5%, below the latest five-year average.

In contrast, **distillate stocks** fell by 9.4 mb m-o-m in April to stand at 136.2 mb. This is 14.6 mb, or 9.7%, higher than a year ago, and 5.8 mb, or 4.1%, lower than the latest five-year average. The draw in distillate stocks can be attributed to higher distillate consumption.

Graph 9 - 3: US weekly gasoline inventories



Sources: EIA and OPEC.

Table 9 - 2: US commercial petroleum stocks, mb

	Apr 20	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
US stocks					
Crude oil	**529.2**	**493.2**	**498.3**	**485.1**	**-13.2**
Gasoline	257.3	241.1	234.6	235.8	1.2
Distillate fuel	150.7	143.4	145.5	136.2	-9.4
Residual fuel oil	36.5	31.2	30.9	31.6	0.7
Jet fuel	40.0	39.8	38.3	39.8	1.5
Total products	**868.3**	**801.6**	**794.3**	**794.8**	**0.5**
Total	**1,397.5**	**1,294.8**	**1,292.6**	**1,279.9**	**-12.7**
SPR	**637.8**	**637.8**	**637.8**	**633.4**	**-4.3**

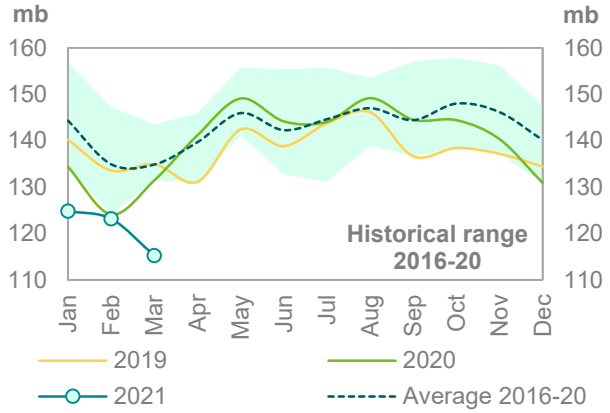
Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** in March fell m-o-m by 7.9 mb to settle at 115.2 mb. This is 16.2 mb, or 12.3%, lower than the same month last year and 19.6 mb, or 14.6%, below the latest five-year average. Crude and products stocks fell m-o-m by 3.3 mb and 4.6 mb, respectively.

Japanese **commercial crude oil stocks** fell in March to stand at 60.0 mb. This is 16.6 mb, or 21.6%, below the same month a year ago, and 20.1 mb, or 25.1%, lower than the latest five-year average. The fall came on the back of lower crude imports, which fell by 236 tb/d m-o-m, or 9.1%, to stand at 2.34 mb/d. Lower crude throughput, which fell m-o-m by 81 tb/d, or 3.2%, to stand at 2.46 mb/d also limited further draws.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

Japan's **total product inventories** fell m-o-m by 4.6 mb to end March at 55.3 mb. This is 0.3 mb, or 0.6%, higher than the same month last year, and 0.4 mb, or 0.8 %, above the latest five-year average.

Gasoline stocks in March fell m-o-m by 0.6 mb to stand at 12.5 mb. This was 0.8 mb, or 6.4%, higher than a year ago, and 1.7 mb, or 16.1%, above the latest five-year average. Higher domestic gasoline sales, which increased by 9.8 %, were behind the drop in gasoline stocks.

Distillate stocks fell by 2.8 mb m-o-m to end March at 23.0 mb. This is 0.1 mb, or 0.6%, lower than the same month a year ago, but 1.1 mb, or 4.9%, above the latest five-year average. Within distillate components, **jet fuel, kerosene and gasoil stocks** fell m-o-m by 11.1%, 13.3% and 19.1%, respectively.

Total residual fuel oil stocks fell by 0.6 mb in March to stand at 11.3 mb. This is 0.1 mb, or 1.0 mb higher than the same month last year, but 1.3 mb, or 10.2 %, below the latest five-year average. Within components, fuel oil A stocks rose by 1.5 %, while fuel oil B.C stocks fell by 9% over the previous month.

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

	Mar 20	Jan 21	Feb 21	Mar 21	Change Mar 21/Feb 21
Japan's stocks					
Crude oil	**76.5**	**62.2**	**63.3**	**60.0**	**-3.3**
Gasoline	11.8	13.6	13.1	12.5	-0.6
Naphtha	9.0	8.3	9.2	8.6	-0.6
Middle distillates	23.1	28.7	25.7	23.0	-2.8
Residual fuel oil	11.1	12.0	11.9	11.3	-0.6
Total products	**55.0**	**62.6**	**59.9**	**55.3**	**-4.6**
Total**	**131.5**	**124.8**	**123.2**	**115.2**	**-7.9**

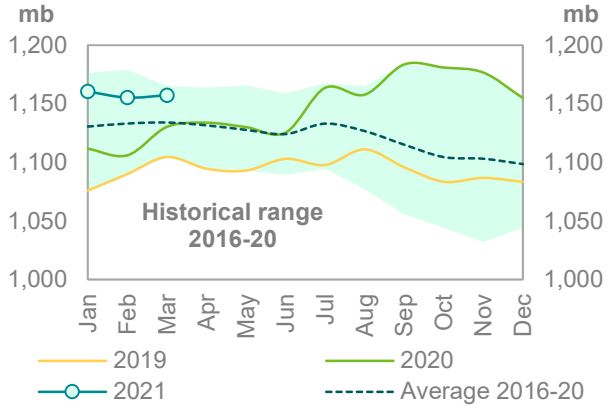
*Note: * At the end of the month. ** Includes crude oil and main products only.*
Sources: METI and OPEC.

EU-14 plus UK and Norway

Preliminary data for March showed that **total European commercial oil stocks** rose m-o-m by 2.1 mb to stand at 1,157.3 mb. At this level, they were 27.1 mb, or 2.4%, above the same month a year ago, and 23.2 mb, or 2.0%, higher than the latest five-year average. Crude stocks went up by 4.9 mb, while product stocks fell by 2.8 mb.

European **crude inventories** rose in March to stand at 481.7 mb. This is 2.4 mb, or 0.5%, lower than the same month a year ago, and 5.3 mb, or 1.1%, lower 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, which fell by around 260 tb/d to 8.59 mb/d.

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



Sources: Argus, Euroilstock and OPEC.

Total European product stocks dropped m-o-m by 2.8 mb to end March at 675.5 mb. This is 29.4 mb, or 4.6%, higher than the same month a year ago, and 28.5 mb, or 4.4%, above the latest five-year average.

Gasoline stocks fell m-o-m by 1.5 mb in March to stand at 122.7 mb. This is 2.0 mb, or 1.7%, higher than the level registered the same time a year ago, and 1.2 mb, or 1.0%, above the latest five-year average.

Distillate stocks fell m-o-m by 2.3 mb in March to stand at 456.5 mb. This is 36.8 mb, or 8.8%, higher than the same month last year, and 31.7 mb, or 7.5%, above the latest five-year average.

In contrast, **residual fuel stocks** rose m-o-m by 0.5 mb in March to 66.4 mb. This is 5.1 mb, or 7.2%, lower than the same month one year ago, and 4.8 mb, or 6.7%, below the latest five-year average.

Naphtha stocks rose by 0.4 mb m-o-m in March, ending the month at 29.9 mb. This is 4.2 mb, or 12.4%, below March 2020 levels, but 0.4 mb, or 1.4%, higher than the latest five-year average.

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

	Mar 20	Jan 21	Feb 21	Mar 21	Change Mar 21/Feb 21
EU stocks					
Crude oil	**484.1**	**485.6**	**476.8**	**481.7**	**4.9**
Gasoline	120.7	120.4	124.2	122.7	-1.5
Naphtha	34.2	29.9	29.5	29.9	0.4
Middle distillates	419.7	459.1	458.8	456.5	-2.3
Fuel oils	71.6	65.4	65.9	66.4	0.5
Total products	**646.1**	**674.8**	**678.4**	**675.5**	**-2.8**
Total	**1,130.2**	**1,160.4**	**1,155.2**	**1,157.3**	**2.1**

Sources: Argus, Euroilstock and OPEC.

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

Singapore

In March, **total product stocks in Singapore** fell by 1.2 mb m-o-m, reversing the build registered a month earlier to stand at 50.7 mb. This is 0.8 mb, or 1.6%, lower than the same month a year ago.

Light distillate stocks fell m-o-m by 1.5 mb in March to stand at 14.3 mb. At this level, they are in line with the same month one year ago.

Middle distillate stocks fell by 1.7 mb in March to stand at 13.3 mb. This is 0.3 mb, or 2.4% higher than a year ago.

In contrast, **residual fuel oil stocks** rose by 1.9 mb, ending March at 23.2 mb, which is 1.1 mb, or 4.7%, lower than in March 2020.

ARA

Total product stocks in ARA fell m-o-m by 1.9 mb in March, reversing the build witnessed last month. They now stand at 49.8 mb, which is 9.9 mb, or 24.8%, higher than the same month a year ago.

Gasoline stocks in March remained unchanged m-o-m at 11.1 mb, which is 1.1 mb, or 10.6%, above the same month one year ago.

Residual fuel stocks rose m-o-m by 0.9 mb to end March at 11.6 mb. This is 3.3 mb, or 40.3%, above the level registered one year ago.

In contrast, **gasoil stocks** fell m-o-m by 1.6 mb in March to stand at 17.6 mb, which is 3.7 mb, or 26.4%, higher than in March 2020.

Jet oil stocks fell m-o-m by 0.6 mb to end March at 7.0 mb. This is 2.8 mb, or 66.4 %, above the level seen one year ago.

Fujairah

During the week ending 3 May 2021, **total oil product stocks in Fujairah** rose by 0.77 mb w-o-w to stand at 24.04 mb, according to data from FEDCom and S&P Global Platts. At this level, total oil stocks were 2.15 mb lower than the same time a year ago. Within products, light and middle distillate stocks rose, while heavy distillates saw a stock draw.

Light distillate stocks rose by 0.07 mb w-o-w to stand at 5.33 mb, which is 1.39 mb lower than the same period a year ago. **Middle distillate stocks** rose by 0.92 mb to stand at 3.86 mb, which is 0.99 mb lower than a year ago. In contrast, **heavy distillate stocks** fell by 0.22 mb to stand at 14.85 mb, which is 0.23 mb higher than the same time last year.

Balance of Supply and Demand

Demand for OPEC crude in 2020 remained unchanged from the previous month to stand at 22.5 mb/d. This is around 6.8 mb/d lower than in 2019.

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was 6.9 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.7 mb/d higher than demand. In 3Q20, OPEC crude production averaged 23.9 mb/d, which was 0.8 mb/d lower than demand, while in 4Q20 it averaged 24.9 mb/d, around 1.9 mb/d below demand. For the full year 2020, OPEC crude production averaged 25.6 mb/d, around 3.2 mb/d higher than demand.

Demand for OPEC crude in 2021 has been revised up by 0.2 mb/d from the previous month to 27.7 mb/d. This is 5.2 mb/d higher than in 2020.

According to secondary sources, OPEC crude production averaged 25.1 mb/d in 1Q21, which was 0.7 mb/d lower than demand for OPEC crude.

Balance of supply and demand in 2020

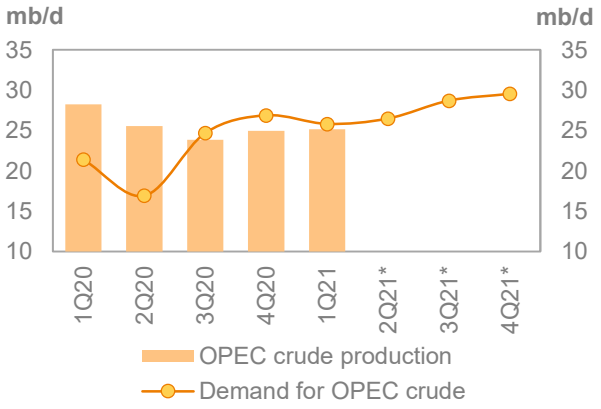
Demand for OPEC crude in 2020 remained unchanged from the previous month to stand at 22.5 mb/d. This is around 6.8 mb/d lower than in 2019.

Demand for OPEC crude for all quarters remained unchanged from the previous monthly assessment.

Compared with the same quarters in 2019, demand for OPEC crude in 1Q20 and 2Q20 indicates a decline of 7.7 mb/d and 11.9 mb/d, respectively. Demand in 3Q20 showed a decline of 5.8 mb/d, while 4Q20 saw a drop of 1.9 mb/d.

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was 6.9 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.7 mb/d higher than demand.

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



*Note: * 2Q21-4Q21 = Forecast. Source: OPEC.*

In 3Q20, OPEC crude production averaged 23.9 mb/d, which was 0.8 mb/d lower than demand, while in 4Q20 it averaged 24.9 mb/d, around 1.9 mb/d below demand. For the full year 2020, OPEC crude production averaged 25.6 mb/d, around 3.2 mb/d higher than demand.

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

	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19
(a) World oil demand	**99.98**	**93.51**	**83.08**	**91.21**	**94.20**	**90.51**	**-9.48**
Non-OPEC liquids production	65.42	66.77	61.07	61.48	62.27	62.89	-2.52
OPEC NGL and non-conventionals	5.26	5.35	5.09	5.04	5.05	5.13	-0.13
(b) Total non-OPEC liquids production and OPEC NGLs	**70.67**	**72.12**	**66.16**	**66.52**	**67.32**	**68.02**	**-2.65**
Difference (a-b)	**29.31**	**21.38**	**16.92**	**24.69**	**26.88**	**22.48**	**-6.83**
OPEC crude oil production	**29.34**	**28.23**	**25.57**	**23.86**	**24.94**	**25.65**	**-3.69**
Balance	**0.03**	**6.85**	**8.66**	**-0.83**	**-1.93**	**3.16**	**3.14**

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

Balance of supply and demand in 2021

Demand for OPEC crude in 2021 has been revised up by 0.2 mb/d from the previous month to stand at 27.7 mb/d. This is 5.2 mb/d higher than in 2020.

Demand for OPEC crude in 1Q21, 3Q21 and 4Q21 has been revised up by 0.3 mb/d, 0.4 mb/d and 0.6 mb/d, respectively, while 2Q21 demand has been revised down by 0.4 mb/d from the previous month.

Compared with the same quarters in 2020, demand for OPEC crude in 1Q21 and 2Q21 is forecast to be 4.4 mb/d and 9.6 mb/d higher, respectively. An increase of 4.0 mb/d y-o-y is projected for 3Q21, and 4Q21 demand y-o-y is expected to be higher by 2.7 mb/d.

According to secondary sources, OPEC crude production averaged 25.1 mb/d in 1Q21, which was 0.7 mb/d lower than demand for OPEC crude.

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

	2020	1Q21	2Q21	3Q21	4Q21	2021	*Change* 2021/20
(a) World oil demand	**90.51**	**93.29**	**94.79**	**97.90**	**99.74**	**96.46**	**5.95**
Non-OPEC liquids production	62.89	62.37	63.13	63.98	64.88	63.60	0.70
OPEC NGL and non-conventionals	5.13	5.11	5.19	5.22	5.32	5.21	0.08
(b) Total non-OPEC liquids production and OPEC NGLs	**68.02**	**67.48**	**68.31**	**69.20**	**70.20**	**68.81**	**0.78**
Difference (a-b)	**22.48**	**25.81**	**26.48**	**28.70**	**29.54**	**27.65**	**5.17**
OPEC crude oil production	**25.65**	**25.14**					
Balance	**3.16**	**-0.67**					

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

Appendix

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

	2017	2018	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
World oil demand and supply balance													
World demand													
Americas	25.11	25.73	25.65	24.35	20.01	22.72	23.16	22.56	23.54	24.45	24.69	24.75	24.37
of which US	*20.27*	*20.82*	*20.86*	*19.67*	*16.38*	*18.67*	*19.04*	*18.44*	*19.18*	*19.86*	*20.24*	*20.45*	*19.94*
Europe	14.41	14.32	14.25	13.35	11.04	12.85	12.55	12.45	12.12	12.71	13.59	13.74	13.05
Asia Pacific	8.15	7.95	7.79	7.75	6.54	6.70	7.33	7.08	7.54	7.18	7.17	7.55	7.36
Total OECD	**47.68**	**47.99**	**47.69**	**45.45**	**37.59**	**42.27**	**43.04**	**42.09**	**43.19**	**44.34**	**45.45**	**46.04**	**44.78**
China	12.47	13.01	13.48	11.34	13.25	13.87	14.28	13.19	12.95	14.27	14.93	15.05	14.30
India	4.53	4.73	4.91	4.84	3.58	4.01	5.15	4.40	4.94	4.29	4.68	5.61	4.88
Other Asia	8.69	8.91	9.04	8.30	7.79	8.11	8.33	8.13	8.33	8.96	8.57	8.59	8.61
Latin America	6.51	6.53	6.59	6.11	5.61	6.20	6.12	6.01	6.15	6.16	6.46	6.40	6.29
Middle East	8.23	8.13	8.20	7.88	6.91	7.94	7.65	7.60	7.87	7.62	8.45	7.97	7.98
Africa	4.20	4.33	4.45	4.37	3.77	3.95	4.28	4.09	4.41	3.97	4.18	4.49	4.26
Russia	3.48	3.55	3.61	3.44	3.04	3.20	3.43	3.28	3.57	3.37	3.37	3.58	3.47
Other Eurasia	1.17	1.21	1.24	1.07	0.99	1.01	1.23	1.07	1.18	1.19	1.14	1.28	1.20
Other Europe	0.72	0.74	0.76	0.71	0.55	0.64	0.69	0.65	0.70	0.62	0.68	0.74	0.68
Total Non-OECD	**49.99**	**51.14**	**52.29**	**48.05**	**45.49**	**48.94**	**51.16**	**48.42**	**50.10**	**50.45**	**52.45**	**53.70**	**51.69**
(a) Total world demand	**97.67**	**99.13**	**99.98**	**93.51**	**83.08**	**91.21**	**94.20**	**90.51**	**93.29**	**94.79**	**97.90**	**99.74**	**96.46**
Y-o-y change	***1.79***	***1.46***	***0.85***	***-5.60***	***-15.91***	***-9.71***	***-6.70***	***-9.48***	***-0.21***	***11.72***	***6.69***	***5.54***	***5.95***
Non-OPEC liquids production													
Americas	21.51	24.05	25.77	26.59	23.55	24.10	24.65	24.72	24.07	24.58	25.24	25.86	24.94
of which US	*14.42*	*16.69*	*18.43*	*19.05*	*16.81*	*17.34*	*17.30*	*17.62*	*16.61*	*17.49*	*17.79*	*18.30*	*17.55*
Europe	3.83	3.84	3.71	4.05	3.90	3.80	3.89	3.91	4.01	3.78	3.93	4.07	3.95
Asia Pacific	0.39	0.41	0.52	0.53	0.54	0.54	0.52	0.53	0.51	0.56	0.55	0.55	0.54
Total OECD	**25.73**	**28.30**	**30.01**	**31.17**	**27.99**	**28.43**	**29.06**	**29.16**	**28.59**	**28.92**	**29.72**	**30.48**	**29.43**
China	3.97	3.98	4.04	4.13	4.12	4.13	4.08	4.12	4.25	4.20	4.21	4.18	4.21
India	0.86	0.86	0.82	0.79	0.76	0.76	0.76	0.77	0.76	0.75	0.74	0.73	0.75
Other Asia	2.80	2.72	2.69	2.61	2.47	2.46	2.50	2.51	2.51	2.46	2.47	2.46	2.48
Latin America	5.72	5.79	6.09	6.35	5.83	6.14	5.91	6.06	5.96	6.32	6.33	6.52	6.28
Middle East	3.14	3.21	3.20	3.19	3.20	3.15	3.17	3.17	3.19	3.20	3.23	3.24	3.22
Africa	1.50	1.50	1.50	1.44	1.44	1.40	1.37	1.41	1.37	1.36	1.34	1.32	1.35
Russia	11.33	11.52	11.61	11.68	10.38	10.01	10.31	10.59	10.47	10.66	10.66	10.66	10.61
Other Eurasia	3.01	3.08	3.07	3.16	2.92	2.73	2.85	2.91	2.97	2.94	2.98	2.98	2.97
Other Europe	0.13	0.12	0.12	0.12	0.12	0.11	0.11	0.12	0.11	0.11	0.11	0.11	0.11
Total Non-OECD	**32.45**	**32.78**	**33.14**	**33.46**	**31.23**	**30.90**	**31.06**	**31.66**	**31.59**	**32.01**	**32.06**	**32.20**	**31.97**
Total Non-OPEC production	58.18	61.08	63.15	64.63	59.22	59.34	60.12	60.82	60.17	60.93	61.78	62.68	61.40
Processing gains	2.22	2.25	2.26	2.15	1.85	2.15	2.15	2.07	2.20	2.20	2.20	2.20	2.20
Total Non-OPEC liquids production	**60.40**	**63.33**	**65.42**	**66.77**	**61.07**	**61.48**	**62.27**	**62.89**	**62.37**	**63.13**	**63.98**	**64.88**	**63.60**
OPEC NGL + non-conventional oils	5.18	5.33	5.26	5.35	5.09	5.04	5.05	5.13	5.11	5.19	5.22	5.32	5.21
(b) Total non-OPEC liquids production and OPEC NGLs	**65.58**	**68.66**	**70.67**	**72.12**	**66.16**	**66.52**	**67.32**	**68.02**	**67.48**	**68.31**	**69.20**	**70.20**	**68.81**
Y-o-y change	***0.88***	***3.09***	***2.01***	***2.14***	***-3.96***	***-3.95***	***-4.78***	***-2.65***	***-4.64***	***2.15***	***2.68***	***2.88***	***0.78***
OPEC crude oil production (secondary sources)	31.48	31.34	29.34	28.23	25.57	23.86	24.94	25.65	25.14				
Total liquids production	97.06	100.01	100.01	100.36	91.74	90.37	92.26	93.67	92.62				
Balance (stock change and miscellaneous)	-0.61	0.88	0.03	6.85	8.66	-0.83	-1.93	3.16	-0.67				
OECD closing stock levels, *mb*													
Commercial	2,860	2,875	2,889	2,973	3,212	3,177	3,036	3,036	2,987				
SPR	1,569	1,552	1,535	1,537	1,561	1,551	1,541	1,541	1,542				
Total	**4,428**	**4,427**	**4,425**	**4,511**	**4,773**	**4,728**	**4,578**	**4,578**	**4,529**				
Oil-on-water	1,025	1,058	1,011	1,186	1,329	1,174	1,148	1,148	1,138				
Days of forward consumption in OECD, *days*													
Commercial onland stocks	60	60	69	79	76	74	70	68	67				
SPR	33	33	36	41	37	36	36	34	35				
Total	**92**	**93**	**105**	**120**	**113**	**110**	**106**	**102**	**102**				
Memo items													
(a) - (b)	**32.09**	**30.47**	**29.31**	**21.38**	**16.92**	**24.69**	**26.88**	**22.48**	**25.81**	**26.48**	**28.70**	**29.54**	**27.65**

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

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

	2017	2018	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
World oil demand and supply balance													
World demand													
Americas	-	-	-	-	-	-	-	-	-0.30	-	0.15	0.17	0.01
of which US	-	-	-	-	-	-	-	-	*-0.20*	-	*0.15*	*0.17*	*0.03*
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Pacific	-	-	-	-	-	-	-	-	0.15	-	-	-	0.04
Total OECD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.15**	**-**	**0.15**	**0.17**	**0.04**
China	-	-	-	-	-	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-	-	-0.27	-0.15	-	-0.10
Other Asia	-	-	-	-	-	-	-	-	-	-	-	0.12	0.03
Latin America	-	-	-	-	-	-	-	-	-	-0.03	-	-	-0.01
Middle East	-	-	-	-	-	-	-	-	-	-	0.15	-	0.04
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-
Russia	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Eurasia	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	0.01	-	-	-	-
Total Non-OECD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-0.30**	**-**	**0.12**	**-0.04**
(a) Total world demand	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.14**	**-0.30**	**0.15**	**0.29**	**-**
Y-o-y change	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-0.14***	***-0.30***	***0.15***	***0.29***	***-***
Non-OPEC liquids production													
Americas	-	-	-	-	-	-	-	-	-0.50	0.06	-0.27	-0.28	-0.25
of which US	-	-	-	-	-	-	-	-	*-0.54*	*-0.01*	*-0.15*	*-0.22*	*-0.23*
Europe	-	-	-	-	-	-	-	-	-0.02	-0.17	-0.04	-0.10	-0.08
Asia Pacific	-	-	-	-	-	-	-	-	-0.03	-	-	-	-0.01
Total OECD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.55**	**-0.11**	**-0.32**	**-0.38**	**-0.34**
China	-	-	-	-	-	-	-	-	0.04	0.07	0.08	0.01	0.05
India	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	0.07	0.01	-	-	0.02
Latin America	-	-	-	-	-	-	-	-	-0.05	0.01	0.01	0.01	-0.01
Middle East	-	-	-	-	-	-	-	-	0.01	-	-	-	-
Africa	-	-	-	-	-	-	-	-	0.01	0.01	-	-	-
Russia	-	-	-	-	-	-	-	-	-	0.07	-0.01	-0.01	0.01
Other Eurasia	-	-	-	-	-	-	-	-	0.05	0.01	0.03	0.03	0.03
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.13**	**0.18**	**0.10**	**0.03**	**0.11**
Total Non-OPEC production	-	-	-	-	-	-	-	-	-0.42	0.07	-0.21	-0.35	-0.23
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC liquids production	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.42**	**0.07**	**-0.21**	**-0.35**	**-0.23**
OPEC NGL + non-conventional oils	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC liquids production and OPEC NGLs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-0.42**	**0.07**	**-0.21**	**-0.35**	**-0.23**
Y-o-y change	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-0.42***	***0.07***	***-0.21***	***-0.35***	***-0.23***
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-				
Total liquids production	-	-	-	-	-	-	-	-	-0.42				
Balance (stock change and miscellaneous)	-	-	-	-	-	-	-	-	-0.28				
mb													
Commercial	-	-	-	-1	-	1	-	-					
SPR	-	-	-	-	-	-	-	-					
Total	**-**	**-**	**-**	**-1**	**-**	**1**	**-**	**-**					
Oil-on-water	-	-	-	-	-	-	-	-					
Days of forward consumption in OECD, *days*													
Commercial onland stocks	-	-	-	-	-	-	-	-					
SPR	-	-	-	-	-	-	-	-					
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**					
Memo items													
(a) - (b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.28**	**-0.37**	**0.36**	**0.64**	**0.23**

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

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

	2018	2019	2020	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
OECD oil stocks and oil on water												
Closing stock levels, mb												
OECD onland commercial	**2,875**	**2,889**	**3,036**	**2,875**	**2,932**	**2,942**	**2,889**	**2,973**	**3,212**	**3,177**	**3,036**	**2,987**
Americas	1,544	1,518	1,613	1,504	1,559	1,553	1,518	1,575	1,713	1,687	1,613	1,574
Europe	930	978	1,043	989	983	988	978	1,032	1,098	1,079	1,043	1,038
Asia Pacific	402	394	380	381	391	401	394	366	400	411	380	376
OECD SPR	**1,552**	**1,535**	**1,541**	**1,557**	**1,549**	**1,544**	**1,535**	**1,537**	**1,561**	**1,551**	**1,541**	**1,542**
Americas	651	637	640	651	647	647	637	637	658	644	640	638
Europe	481	482	488	488	485	482	482	484	487	490	488	491
Asia Pacific	420	416	414	417	417	416	416	416	416	417	414	413
OECD total	**4,427**	**4,425**	**4,578**	**4,432**	**4,481**	**4,486**	**4,425**	**4,511**	**4,773**	**4,728**	**4,578**	**4,529**
Oil-on-water	**1,058**	**1,011**	**1,148**	**1,013**	**995**	**1,012**	**1,011**	**1,186**	**1,329**	**1,174**	**1,148**	**1,138**
Days of forward consumption in OECD, days												
OECD onland commercial	**60**	**69**	**68**	**61**	**61**	**61**	**64**	**79**	**76**	**74**	**70**	**67**
Americas	60	67	66	59	60	60	62	79	75	73	68	64
Europe	65	79	80	70	67	70	73	93	85	86	86	82
Asia Pacific	52	56	52	51	52	50	51	56	60	56	51	52
OECD SPR	**33**	**37**	**35**	**33**	**32**	**32**	**34**	**41**	**37**	**36**	**36**	**35**
Americas	26	30	27	26	25	25	26	32	29	28	27	26
Europe	34	39	37	34	33	34	36	44	38	39	40	39
Asia Pacific	54	60	58	56	55	52	54	64	62	57	56	58
OECD total	**94**	**107**	**104**	**94**	**93**	**94**	**97**	**120**	**113**	**110**	**106**	**102**

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

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

	2017	2018	2019	3Q20	4Q20	2020	Change 20/19	1Q21	2Q21	3Q21	4Q21	2021	Change 21/20
Non-OPEC liquids production and OPEC NGLs													
US	14.4	16.7	18.4	17.3	17.3	17.6	-0.8	16.6	17.5	17.8	18.3	17.6	-0.1
Canada	4.9	5.3	5.4	4.9	5.5	5.2	-0.2	5.5	5.2	5.5	5.6	5.5	0.3
Mexico	2.2	2.1	1.9	1.9	1.9	1.9	0.0	1.9	1.9	1.9	1.9	1.9	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OECD Americas	**21.5**	**24.0**	**25.8**	**24.1**	**24.7**	**24.7**	**-1.1**	**24.1**	**24.6**	**25.2**	**25.9**	**24.9**	**0.2**
Norway	2.0	1.9	1.7	2.0	2.0	2.0	0.3	2.1	1.9	2.1	2.2	2.1	0.1
UK	1.0	1.1	1.1	1.0	1.0	1.1	-0.1	1.0	1.0	1.0	1.0	1.0	-0.1
Denmark	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Other OECD	0.7	0.7	0.7	0.8	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
OECD Europe	**3.8**	**3.8**	**3.7**	**3.8**	**3.9**	**3.9**	**0.2**	**4.0**	**3.8**	**3.9**	**4.1**	**3.9**	**0.0**
Australia	0.3	0.3	0.5	0.5	0.5	0.5	0.0	0.4	0.5	0.5	0.5	0.5	0.0
Other Asia Pacific	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OECD Asia Pacific	**0.4**	**0.4**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**	**0.5**	**0.6**	**0.6**	**0.6**	**0.5**	**0.0**
Total OECD	**25.7**	**28.3**	**30.0**	**28.4**	**29.1**	**29.2**	**-0.8**	**28.6**	**28.9**	**29.7**	**30.5**	**29.4**	**0.3**
China	**4.0**	**4.0**	**4.0**	**4.1**	**4.1**	**4.1**	**0.1**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**0.1**
India	**0.9**	**0.9**	**0.8**	**0.8**	**0.8**	**0.8**	**-0.1**	**0.8**	**0.8**	**0.7**	**0.7**	**0.7**	**0.0**
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Indonesia	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.0
Malaysia	0.7	0.7	0.7	0.6	0.6	0.6	-0.1	0.6	0.6	0.6	0.6	0.6	0.0
Thailand	0.5	0.5	0.5	0.5	0.5	0.5	-0.1	0.5	0.5	0.5	0.4	0.5	0.0
Vietnam	0.3	0.3	0.3	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Asia others	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Other Asia	**2.8**	**2.7**	**2.7**	**2.5**	**2.5**	**2.5**	**-0.2**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**0.0**
Argentina	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Brazil	3.3	3.3	3.6	3.8	3.5	3.7	0.1	3.6	3.8	3.9	4.0	3.8	0.1
Colombia	0.9	0.9	0.9	0.8	0.8	0.8	-0.1	0.8	0.8	0.8	0.8	0.8	0.0
Ecuador	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.6	0.6	0.6	0.5	0.1
Guyana	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Latin America	0.4	0.4	0.4	0.3	0.3	0.3	0.0	0.3	0.3	0.4	0.4	0.3	0.0
Latin America	**5.7**	**5.8**	**6.1**	**6.1**	**5.9**	**6.1**	**0.0**	**6.0**	**6.3**	**6.3**	**6.5**	**6.3**	**0.2**
Bahrain	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Oman	1.0	1.0	1.0	0.9	0.9	0.9	0.0	1.0	1.0	1.0	1.0	1.0	0.0
Qatar	1.9	1.9	1.9	1.9	1.9	1.9	0.0	2.0	2.0	2.0	2.0	2.0	0.0
Syria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yemen	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Middle East	**3.1**	**3.2**	**3.2**	**3.1**	**3.2**	**3.2**	**0.0**	**3.2**	**3.2**	**3.2**	**3.2**	**3.2**	**0.0**
Cameroon	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.1	0.0
Chad	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Egypt	0.7	0.7	0.7	0.6	0.6	0.6	0.0	0.6	0.6	0.6	0.6	0.6	0.0
Ghana	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Sudans	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Africa other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Africa	**1.5**	**1.5**	**1.5**	**1.4**	**1.4**	**1.4**	**-0.1**	**1.4**	**1.4**	**1.3**	**1.3**	**1.3**	**-0.1**
Russia	**11.3**	**11.5**	**11.6**	**10.0**	**10.3**	**10.6**	**-1.0**	**10.5**	**10.7**	**10.7**	**10.7**	**10.6**	**0.0**
Kazakhstan	1.8	1.9	1.9	1.7	1.8	1.8	-0.1	1.8	1.8	1.8	1.8	1.8	0.0
Azerbaijan	0.8	0.8	0.8	0.7	0.7	0.7	-0.1	0.8	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	0.3	0.0
Other Eurasia	**3.0**	**3.1**	**3.1**	**2.7**	**2.8**	**2.9**	**-0.2**	**3.0**	**2.9**	**3.0**	**3.0**	**3.0**	**0.1**
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	**32.5**	**32.8**	**33.1**	**30.9**	**31.1**	**31.7**	**-1.5**	**31.6**	**32.0**	**32.1**	**32.2**	**32.0**	**0.3**
Non-OPEC	58.2	61.1	63.2	59.3	60.1	60.8	-2.3	60.2	60.9	61.8	62.7	61.4	0.6
Processing gains	2.2	2.3	2.3	2.1	2.1	2.1	-0.2	2.2	2.2	2.2	2.2	2.2	0.1
Non-OPEC liquids production	**60.4**	**63.3**	**65.4**	**61.5**	**62.3**	**62.9**	**-2.5**	**62.4**	**63.1**	**64.0**	**64.9**	**63.6**	**0.7**
OPEC NGL	5.1	5.2	5.1	4.9	4.9	5.0	-0.1	5.0	5.1	5.1	5.2	5.1	0.1
OPEC Non-conventi	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OPEC (NGL+NCF)	**5.2**	**5.3**	**5.3**	**5.0**	**5.1**	**5.1**	**-0.1**	**5.1**	**5.2**	**5.2**	**5.3**	**5.2**	**0.1**
Non-OPEC & OPEC (NGL+NCF)	**65.6**	**68.7**	**70.7**	**66.5**	**67.3**	**68.0**	**-2.6**	**67.5**	**68.3**	**69.2**	**70.2**	**68.8**	**0.8**

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

Table 11 - 5: World rig count, units

	2018	2019	2020	Change 2020/19	2Q20	3Q20	4Q20	1Q21	Mar 21	Apr 21	Change Apr/Mar
World rig count											
US	1,031	944	436	-508	396	254	311	393	408	437	29
Canada	191	134	90	-44	25	49	89	145	108	57	-51
Mexico	27	37	41	4	43	36	38	46	44	41	-3
OECD Americas	**1,251**	**1,116**	**567**	**-549**	**464**	**339**	**438**	**585**	**561**	**536**	**-25**
Norway	15	17	16	-1	16	16	17	16	14	17	3
UK	7	15	6	-9	4	5	7	8	9	9	0
OECD Europe	**62**	**74**	**59**	**-15**	**57**	**56**	**55**	**54**	**55**	**57**	**2**
OECD Asia Pacific	**21**	**29**	**22**	**-7**	**22**	**17**	**18**	**16**	**18**	**18**	**0**
Total OECD	**1,334**	**1,219**	**648**	**-571**	**543**	**412**	**511**	**656**	**634**	**611**	**-23**
Other Asia*	222	221	187	-34	190	184	160	161	166	162	-4
Latin America	129	128	58	-70	26	40	60	76	80	76	-4
Middle East	64	68	57	-11	59	50	48	57	59	53	-6
Africa	46	55	43	-12	46	35	32	33	34	35	1
Other Europe	13	14	12	-2	11	12	12	12	11	5	-6
Total Non-OECD	**474**	**486**	**357**	**-129**	**332**	**321**	**312**	**338**	**350**	**331**	**-19**
Non-OPEC rig count	**1,808**	**1,705**	**1,005**	**-700**	**875**	**733**	**823**	**994**	**984**	**942**	**-42**
Algeria	50	45	31	-14	33	27	25	22	25	27	2
Angola	4	4	3	-1	2	1	3	4	4	4	0
Congo	3	3	1	-2	1	0	0	0	0	0	0
Equatorial Guinea**	0	1	0	-1	0	0	0	0	0	0	0
Gabon	3	7	3	-4	2	0	0	1	1	1	0
Iran**	157	117	117	0	117	117	117	117	117	117	0
Iraq	59	74	47	-27	54	30	28	32	34	35	1
Kuwait	51	46	45	-1	52	44	29	28	27	25	-2
Libya	5	14	12	-2	11	11	10	12	12	12	0
Nigeria	13	16	11	-5	11	8	7	6	6	5	-1
Saudi Arabia	117	115	93	-22	108	87	63	62	60	60	0
UAE	55	62	54	-8	58	50	40	43	44	43	-1
Venezuela	32	25	24	-1	21	25	25	25	25	25	0
OPEC rig count	**549**	**529**	**441**	**-88**	**470**	**400**	**347**	**352**	**355**	**354**	**-1**
World rig count***	**2,357**	**2,234**	**1,446**	**-788**	**1,345**	**1,133**	**1,170**	**1,346**	**1,339**	**1,296**	**-43**
of which:											
Oil	1,876	1,788	1,125	-663	1,034	866	896	1,044	1,040	1,020	-20
Gas	448	415	275	-140	254	232	238	269	263	243	-20
Others	33	31	46	15	57	35	36	33	36	33	-3

*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

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

down 1.32 in April

April 2021	63.24
March 2021	64.56
Year-to-date	**60.97**

April OPEC crude production

mb/d, according to secondary sources

up 0.03 in April

April 2021	25.08
March 2021	25.06

Economic growth rate

per cent

	World	OECD	US	Euro–zone	Japan	China	India
2020	–3.5	–4.8	–3.5	–6.8	–4.9	2.3	–7.0
2021	5.5	4.8	6.2	4.2	3.0	8.5	9.7

Supply and demand

mb/d

2020		**20/19**	**2021**		**21/20**
World demand	90.5	–9.5	World demand	96.5	6.0
Non–OPEC liquids production	62.9	–2.5	Non–OPEC liquids production	63.6	0.7
OPEC NGLs	5.1	–0.1	OPEC NGLs	5.2	0.1
Difference	**22.5**	**–6.8**	**Difference**	**27.7**	**5.2**

OECD commercial stocks

mb

	Mar 20	Jan 21	Feb 21	Mar 21	Mar 21/Feb 21
Crude oil	1,478	1,470	1,481	1,488	7
Products	1,495	1,562	1,496	1,499	3
Total	**2,973**	**3,033**	**2,977**	**2,987**	**10**
Days of forward cover	79.1	69.3	68.0	67.4	–0.6

Next report to be issued on 10 June 2021.