



Organization of the Petroleum Exporting Countries



OPEC Monthly Oil Market Report

13 October 2020

Feature article: *Winter oil market outlook*

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Note on region and country re-categorization:

As of the *October 2020 Monthly Oil Market Report (MOMR)*, a **new categorization** has been applied to the reported data groupings, according to the below list:

- “**FSU and Other Europe**” has been converted to “**Eurasia**”
- The new region of **Eurasia** distinguishes between **Russia** and **Other Eurasia**, with the latter composed of the following 24 countries:
 - Albania
 - Armenia
 - Azerbaijan
 - Belarus
 - Bosnia & Herzegovina
 - Bulgaria
 - Croatia
 - Cyprus
 - Georgia
 - Gibraltar
 - Kazakhstan
 - Kyrgyzstan
 - Latvia
 - Lithuania
 - Malta
 - Montenegro
 - Moldova
 - North Macedonia
 - Romania
 - Serbia
 - Tajikistan
 - Turkmenistan
 - Ukraine
 - Uzbekistan
- “**Other Asia**” has been split into “**India**” and “**Other Asia**”.
- “**Developing Regions**” and “**Other Regions**” has been re-categorized into “**Non-OECD**”

Oil Market Highlights

Crude Oil Price Movements

Spot crude prices settled significantly lower in September, after four consecutive months of gains. The OPEC Reference Basket (ORB) fell by \$3.65, or 8.1% m-o-m, to \$41.54/b, while the year-to-date averaged \$40.62/b. Crude oil futures prices on both sides of the Atlantic declined during September, for the first time since April. ICE Brent was down 7.0% m-o-m, averaging at \$41.87/b, while NYMEX WTI dropped 6.5% m-o-m, settling at \$39.63/b. The Brent-WTI spread continued narrow at just over \$2/b. All three futures market structures remained in contango during September, with ICE Brent and NYMEX WTI futures markets moving into a deeper contango, while the contango in DME Oman eased slightly. Hedge funds and other money managers were less bullish on the oil price outlook in September, and were net sellers of crude in both Brent and WTI.

World Economy

The global economic growth forecast remains at minus 4.1% for 2020, while for 2021 it is revised downward to 4.6%, from 4.7% in last month's assessment. In 2020, the US economic growth forecast is revised up to minus 4.2% y-o-y, followed by a downwardly revised growth of 3.9% in 2021. The Euro-zone's economic growth forecast in 2020 remains at minus 7.7%, followed by downwardly revised growth of 4.2% in 2021. Japan economic growth is revised down for both 2020 and 2021, and is now forecast to contract by 5.7% in 2020, then recover to growth of 2.8% in 2021. China's economic growth in 2020 is revised up to 2.0%, followed by growth of 6.9% in 2021. India's economic growth forecast in 2020 is revised down further to minus 7.5%, followed by growth of 6.8% in 2021. Brazil's economic growth in 2020 is revised up to minus 6.2%, before rebounding to growth of 2.4% in 2021. Russia's economic growth forecast in 2020 remains unchanged, at minus 4.9%, but is expected to recover in 2021 to grow by 2.9%.

World Oil Demand

In 2020, world oil demand is estimated to decline by 9.5 mb/d y-o-y, relatively unchanged from last month's assessment, reaching a level of 90.3 mb/d. In the OECD, demand growth is revised slightly lower by around 0.06 mb/d in 2020. This downward revision accounts for lower expectations for transportation fuel consumption in the US and parts of Europe in 2H20 following a weak summer driving season, which has more than offset a less-than-expected decline in 1H20 data, due to steady petrochemical feedstock demand in the US and increased heating fuel restocking in Europe. In the non-OECD, oil demand in 2020 was adjusted slightly higher, by around 0.05 mb/d m-o-m, due to better-than-expected demand from China. In 2021, world oil demand is revised lower by 0.08 mb/d, compared to last month's assessment, now forecasting a growth of 6.5 mb/d, reaching a level of 96.8 mb/d. This downward revision mainly reflects lower economic growth outlook for both the OECD and non-OECD regions, compared to last month's forecast.

World Oil Supply

The non-OPEC liquids supply forecast in 2020 is revised up by 0.31 mb/d from the previous month's assessment, mostly due to a higher-than-expected recovery in US liquids production. Non-OPEC liquids supply is now estimated to contract by 2.4 mb/d y-o-y, to average 62.8 mb/d. Oil supply in 2020 is forecast to decline mainly in Russia with 1.1 mb/d, US with 0.7 mb/d, Canada, Kazakhstan, Colombia, Malaysia, and Azerbaijan, while it is projected to grow in Norway, Brazil, China, Guyana and Australia. The non-OPEC liquids production forecast for 2021 is revised down by 0.11 mb/d, mainly for the US, and is now expected to grow by 0.9 mb/d, to average 63.67 mb/d. The main drivers for supply growth are expected to be the US with 0.3 mb/d, Canada, Brazil and Norway. The majority of this growth represents a recovery of production from 2020, rather than new projects. OPEC NGLs in 2020 are estimated to decline by 0.1 mb/d y-o-y, and forecast to grow by 0.1 mb/d y-o-y in 2021, to average 5.2 mb/d. OPEC crude oil production in September decreased by 0.05 mb/d, m-o-m, to average 24.11 mb/d, according to secondary sources.

Product Markets and Refining Operations

In September, refining margins showed mixed results. In the Atlantic Basin, product markets benefited from refinery run cuts, despite weakness coming from the middle of the barrel due to high gasoil availability, amid more stringent lockdown measures, as COVID-19 infection rates continued rising. In the US, the landfall of Hurricane Laura in early September affected several refinery operations, while maintenance-related shutdowns in Europe led to a relatively tighter gasoline market in both regions. In Asia, growing product surplus continued to pressure product markets, outweighing all gains from healthy gasoline demand in India, but refinery intakes within the region remained strong.

Tanker Market

Dirty tanker rates remained weak in September, as tonnage demand was weak and the unwinding of floating storage increased availability. After three spectacular quarters in 2020, ship owners are expecting a slow fourth quarter for tanker demand and an uncertain outlook for the coming year. Clean tanker rates have seen some pick up as the easing of COVID-19 restrictions has revived some product trade flows.

Crude and Refined Products Trade

Preliminary data shows that US crude imports continued to slide, averaging 5.2 mb/d in September, the lowest since 1992. US crude exports in September rebounded after falling the month before to average 3 mb/d. Japan's crude imports showed a recovery, averaging 2.4 mb/d in August, up from a low of 1.9 mb/d in June 2020, but well below the recent 3.1 mb/d peak seen in March. Product imports also remained relatively healthy in August, up 11% m-o-m. Naphtha inflows increased, as refiners prefer imports over increasing refinery runs amid high distillate stocks. China's crude imports have come back down from the higher levels seen in June and July, averaging 11.2 mb/d in August. Product imports improved, but remained below the inflated levels seen in May and June, averaging 1.3 mb/d in August. Product exports returned above 1 mb/d in August, with gasoil and fuel oil outflows increasing from the low levels seen the month before. Following seven months of consecutive declines, India's crude imports increased in August, averaging 3.6 mb/d, as refiners returned to the market after drawing down high inventories in the previous two months. However, refinery runs and product demand remain weak, amid continued lockdown measures.

Commercial Stock Movements

Preliminary August data showed that total OECD commercial oil stocks fell by 20.7 mb, m-o-m. At 3,204 mb, they were 226.8 mb higher than the same time one year ago and 219.3 mb above the latest five-year average. Within the components, crude stocks declined by 30.2 mb m-o-m, while product stocks increased by 9.4 mb, m-o-m. OECD crude stocks stood at 78.1 mb above the latest five-year average, while product stocks exhibited a surplus of 141.3 mb. In terms of days of forward cover, OECD commercial stocks fell by 1.3 days, m-o-m, in August to stand at 71.9 days. This was 9.6 days above the August 2019 level, and 9.1 days above the latest five-year average.

Balance of Supply and Demand

Demand for OPEC crude in 2020 is revised down by 0.3 mb/d from the previous month's assessment to stand at 22.4 mb/d, around 7.0 mb/d lower than in 2019. Similarly, demand for OPEC crude in 2021 is revised down by 0.2 mb/d from the previous month's assessment to stand at 27.9 mb/d, around 5.6 mb/d higher than in 2020.

Feature Article

Winter oil market outlook

So far, product markets in 2020 have suffered tremendously due to the demand contraction triggered by the COVID-19 pandemic. Lockdown measures have drastically reduced fuel consumption, particularly for jet fuel, as the air transportation sector was hit hardest. In response, global refinery intakes in the first three quarters of the year have remained some 7.5 mb/d, on average, below the same period a year earlier (**Graph 1**). In fact, refinery intakes plummeted to historic lows of 68.7 mb/d in May 2020, down sharply from the pre-pandemic level of 83.1 mb/d in December 2019. Since then, the easing of lockdowns along with improvements in road and air transport activities, linked to the summer season, have only provided limited improvement, with refinery throughputs still averaging below year-ago levels.

On a regional basis, almost all products in the **US** have seen stark declines in demand, on account of the rampant spread of COVID-19, mainly in gasoline, distillates and jet fuel. However, naphtha saw some support, as the petrochemical sector resorted to a more naphtha-based diet (**Graph 2**).

In **Europe**, following a short-lived recovery over the summer months, COVID-19 infections are on the rise again, with Spain, France and the UK being among the most affected countries. Currently, European governments are reintroducing and intensifying lockdown measures to reduce the number of cases and control hospitalization rates. On the other hand, the gasoil market has benefitted from relatively healthy demand from the trucking and freight sectors.

In **Asia**, the picture was mixed. In **China**, better-than-expected growth was observed in recent months across all product categories. Meanwhile in **India**, the worsening situation with regard to the spread of the pandemic took a toll on oil demand in the country, impacted by a steep drop in diesel and transportation fuel requirements. Despite this, refinery runs in Asia remained high over the summer months, in order to take advantage of cheap crude oil prices.

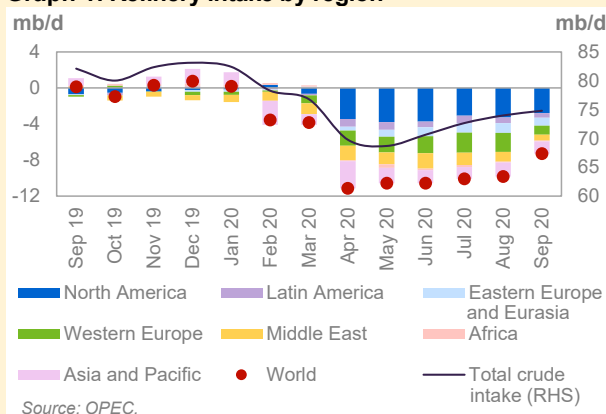
Looking ahead, heating oil consumption in the **US** is expected to increase in the coming months as more people continue to work from home. In addition, prospects for a colder-than-normal winter could add support. However, tele-working will negatively impact transportation fuels. Nevertheless, product stocks remain exceedingly high, which will pressure distillate margins. Moreover, the switch to winter-grade gasoline requires additional volumes of naphtha-based blending components.

In **Europe**, the resurgence of the pandemic will most likely continue to weigh heavily on jet fuel and gasoline markets, while distillate markets will continue to see support from high levels of heavy trucking and forecasts for a colder winter. However, this is only expected to provide limited recovery and levels are still projected to remain well below a year ago.

In **Asia**, projections for a colder winter are expected to boost kerosene and LPG demand in the region. However, overall product imbalances will most likely grow, as overall fuel exports to other regions, particularly the OECD, are expected to decline. This could result in increasing product stock overhangs and eventually prompt refiners to reduce intakes.

Overall, global refinery throughput will continue to recover slowly, with the near term market environment expected to remain relatively weak, due to the large overhang in middle distillate stocks. The ongoing regional resurgence in COVID-19 infections will continue to negatively impact market sentiment until such a time as a vaccine is made available. Nevertheless, the predicted colder winter could lend some upside in the Northern Hemisphere.

Graph 1: Refinery intake by region



Graph 2: US and OECD Europe oil demand growth by main petroleum products

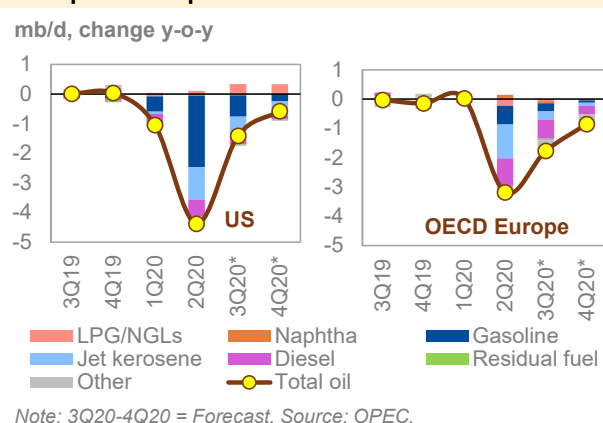


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Crude Oil Price Movements

Spot crude oil prices averaged sharply lower in September, after four consecutive months of gains. This decline was the result of several factors, including a softening recovery of physical crude market fundamentals, in addition to the bearish sentiment in the crude oil futures market amid the continuing increase of the COVID-19 new cases globally, and raising concerns about the global oil demand outlook. The ORB value dropped in September with all Basket component values, falling month-on-month (m-o-m) alongside their perspective crude oil benchmarks. On a monthly basis, the ORB fell by \$3.65 to \$41.54/b, down by 8.1%.

Crude oil futures prices on both sides of the Atlantic moved sharply lower during September due to deteriorating market sentiment on growing concerns about signs of slowing global oil demand recovery, which was exacerbated by the spike in COVID-19 infections in several regions. The ICE Brent front month declined by \$3.15 m-o-m, or 7.0%, in September to average \$41.87/b, and the NYMEX WTI fell by \$2.76 m-o-m, or 6.5%, to average \$39.63/b. Year-to-date (y-t-d), ICE Brent was \$22.23 lower, or 34.3%, at \$42.53/b, while NYMEX WTI was \$18.89 lower, or 33.1%, at \$38.21/b, compared with the same period a year earlier. DME Oman crude oil futures prices fell in September by \$3.00 m-o-m, or 6.7%, to settle at \$41.41/b. Y-t-d, DME Oman was lower by \$22.03, or 34.2%, at \$42.32/b.

Hedge funds and other money managers were less bullish on the oil price outlook in September and were net sellers of about 113 mb of crude in both Brent and WTI, amid rising uncertainty about the global economy and signs of a slower-than-expected recovery in oil demand.

A softening recovery of global oil demand and ongoing high levels of global oil stocks kept all crude oil markets in contango during September. While the contango in DME Oman eased slightly, ICE Brent and NYMEX WTI futures markets moved into a steeper contango, particularly in the front of the curve.

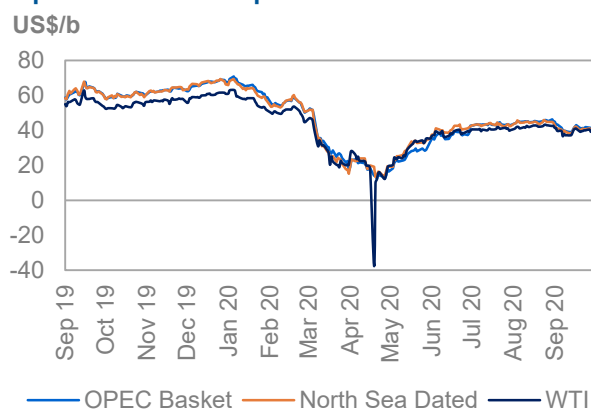
The weakness of the light sweet crude market in Europe and in the Asia Pacific has largely contributed to further drops in sweet/sour crude differentials, in addition to supply adjustments that reduced supply of sour crude from the Middle East and from Russia.

Crude spot prices

Spot crude oil prices averaged sharply lower in September after four consecutive months of gains, as the recovery in fundamentals of the physical crude market softened, in addition to the less supportive sentiment in the crude oil futures market amid the continuing rise in COVID-19 new cases globally, which raised concerns about the global oil demand outlook. Indeed, spot prices were under pressure from a well-supplied market and softening buying interest from refiners in the Asia Pacific and Europe amid heavy maintenance season, low refining utilization and depressed refining margins in major refining hubs. Furthermore, expectations of lower supply in the Gulf of Mexico (GoM) due to hurricane Sally that prompted closures of production platforms gave limited support to prices as traders eyed the well-supplied market and limited damage on infrastructure

North Sea dated fell by 9.4% m-o-m, declining more than other spot and futures benchmarks, as crude in Northwest Europe and in the Atlantic Basin were under growing pressure from subdued demand from European and Asian refiners, weak refining margins in the Asia Pacific and Europe, and crude flows from the US, as well as rising competition from ample similar West African crudes. Forties crude differentials, the largest stream in the Dated basket, fell in September to discount against North Sea Dated for the first time since June, while crude differentials of other North Sea grades like Brent and Ekofisk also weakened. West African crude differentials were also under pressure amid the availability of unsold cargoes and soft demand from Europe and from traditional Asian buyers, like India.

Graph 1 - 1: Crude oil price movement



Sources: Argus, OPEC and Platts.

Crude Oil Price Movements

The spot WTI price at Cushing also fell in September by 6.5% m-o-m, as supply/demand fundamentals around the Cushing trading hub deteriorated in September when compared to previous months. Crude oil stocks at Cushing, Oklahoma, rose four times in five weeks, or by about 3.7 mb, to reach 65.0 mb in the week to 25 September, according to EIA data. Furthermore, persistent high stock levels of distillate fuel oil in the US and poor refining margins added downward pressure on prices.

Dubai crude prices followed the same downward trend in September, falling 5.6% m-o-m, on sluggish demand from Asian refiners amid high oil product inventories and weak refining margins, specifically middle distillate margins, like gasoil/diesel and jet fuel cracks. In the Middle East spot market, some grades remained on offer over the second part of the month, while most Asian refiners completed their requests.

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

	Aug 20	Sep 20	Change		Year-to-date	
			Sep/Aug	%	2019	2020
OPEC Reference Basket	45.19	41.54	-3.65	-8.1	64.38	40.62
Arab Light	45.33	42.09	-3.24	-7.1	65.26	41.14
Basrah Light	46.10	42.09	-4.01	-8.7	64.01	40.54
Bonny Light	45.40	40.78	-4.62	-10.2	66.07	40.79
Djeno	37.34	33.13	-4.21	-11.3	61.94	35.46
Es Sider	43.69	39.18	-4.51	-10.3	63.91	39.40
Girassol	45.83	41.10	-4.73	-10.3	66.34	41.69
Iran Heavy	45.07	41.93	-3.14	-7.0	62.23	39.64
Kuwait Export	45.08	42.12	-2.96	-6.6	64.54	40.56
Merey	35.21	28.22	-6.99	-19.9	56.63	27.93
Murban	45.49	41.88	-3.61	-7.9	65.10	42.45
Rabi Light	43.75	39.38	-4.37	-10.0	63.79	39.12
Sahara Blend	45.64	40.98	-4.66	-10.2	64.64	41.44
Zafiro	45.19	40.62	-4.57	-10.1	65.93	40.49
Other Crudes						
North Sea Dated	44.79	40.58	-4.21	-9.4	64.54	40.84
Dubai	43.89	41.45	-2.44	-5.6	63.98	41.53
Isthmus	41.24	38.06	-3.18	-7.7	63.90	34.89
LLS	44.08	41.07	-3.01	-6.8	63.35	40.36
Mars	43.77	40.56	-3.21	-7.3	61.82	39.10
Minas	42.78	39.81	-2.97	-6.9	60.32	40.47
Urals	45.03	40.98	-4.05	-9.0	64.69	40.90
WTI	42.36	39.61	-2.75	-6.5	57.06	38.32
Differentials						
North Sea Dated/WTI	2.43	0.97	-1.46	-	7.49	2.53
North Sea Dated/LLS	0.71	-0.49	-1.20	-	1.19	0.48
North Sea Dated/Dubai	0.90	-0.87	-1.77	-	0.56	-0.69

Sources: Argus, Direct Communication, OPEC and Platts.

OPEC Reference Basket (ORB)

The **ORB** value dropped in September with all basket component values falling m-o-m alongside their respective crude oil benchmarks and on lower m-o-m official selling prices and weaker crude oil differentials for almost all grades. On a monthly basis, the ORB fell by \$3.65 to \$41.54/b, down by 8.1% in September. Compared to the previous year, the y-t-d ORB was down 36.9% from \$64.38/b in 2019 to an average of \$40.62/b. Venezuela's Merey component fell the most, by \$6.99, or 19.9%, on a monthly average. West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend and Zafiro – dropped \$4.52 m-o-m, or 10.3%, on average, to \$39.31/b, while multiple regions' destination grades – Arab Light, Basrah Light, Iran Heavy and Kuwait Export – fell \$3.34 m-o-m, or 7.4%, on average, to settle at \$42.06/b.

The oil futures market

Crude oil futures prices on both sides of the Atlantic moved sharply lower during September, falling m-o-m for the first time since April, with ICE Brent down 7.0% on a monthly average, while NYMEX WTI dropped 6.5%. Oil futures came under pressure during September, as market sentiment deteriorated on growing concerns about signs of slowing global oil demand recovery, which was exacerbated by spikes in COVID-19 infections in several regions, including India, the US and many European countries, which could prompt new tighter lockdown measures and more limited mobility. The main forecasters revised down their global oil demand growth for this year. Meanwhile, investors were assessing rising global oil supply, including supply from OPEC and participating non-OPEC producers in the DoC, and the gradual return of Libyan crude oil production in September. Furthermore, depressed refining margins, high oil stock levels and refinery turnarounds that resulted in reduced buying interest from refiners also weighed on the market, prompting concerns that a global excess of crude and refined products would delay a long-anticipated rebalancing of the market.

Over the first half of September, oil prices fell by about 13% amid a sharp sell-off in equity markets and deteriorating market sentiment on bleak US job data, which added concerns of a slower recovery in the US economy and oil demand from the COVID-19 recession. Oil prices also fell as the hurricane Laura risk premium that supported oil prices temporarily in late August faded. Disappointing data from China reporting lower crude oil imports in August on a monthly basis and higher oil product exports, as well as a weekly EIA report showing a rise in US crude stocks in the week to 4 September after six consecutive weeks of declines added concerns about an oversupplied market and pressured prices lower.

In the second part of the month, oil prices recouped some losses on the expectation of tightening oil supply amid production disruptions in the GoM caused by a new hurricane, hurricane Sally, and on an unexpectedly large decline in US crude oil stocks in the week of 11 September, amid improving refining activity and crude runs in the US. Oil prices also found support from the outcome of the meeting of the Joint Ministerial Monitoring Committee (JMMC), which showed a positive performance in overall voluntary production adjustment conformity in August and stressed the importance of adhering to full conformity and compensating for overproduced volumes. However, oil prices resumed their downward trend in late September and early October as concerns about the recovery of global oil demand and a supply overhang predominated.

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

	Aug 20	Sep 20	Change		Year-to-date	
			Sep/Aug	%	2019	2020
Future crude						
NYMEX WTI	42.39	39.63	-2.76	-6.5	57.10	38.21
ICE Brent	45.02	41.87	-3.15	-7.0	64.75	42.53
DME Oman	44.41	41.41	-3.00	-6.7	64.35	42.32
Spread						
ICE Brent-NYMEX WTI	2.63	2.25	-0.38	-14.6	7.65	4.32

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

Sources: CME, DME, ICE and OPEC.

The **ICE Brent** front month declined by \$3.15 m-o-m, or 7.0%, in September to average \$41.87/b, and **NYMEX WTI** fell by \$2.76 m-o-m, or 6.5%, to average \$39.63/b. Y-t-d, ICE Brent was \$22.23 lower, or 34.3%, at \$42.53/b, while NYMEX WTI was \$18.89 lower, or 33.1%, at \$38.21/b, compared with the same period a year earlier. **DME Oman** crude oil futures prices fell in September by \$3.00 m-o-m, or 6.7%, to settle at \$41.41/b. Y-t-d, DME Oman was lower by \$22.03, or 34.2%, at \$42.32/b.

On 12 October, ICE Brent stood at \$41.72/b and NYMEX WTI at \$39.43/b.

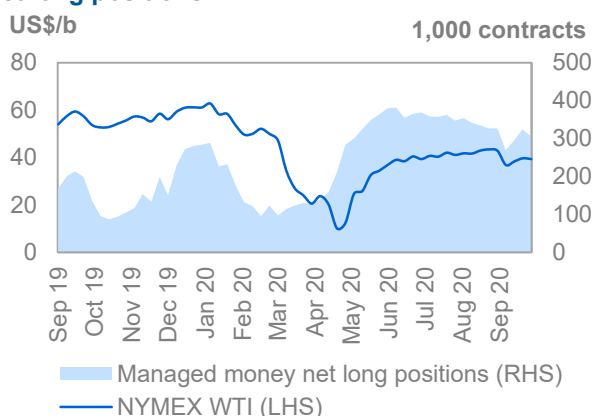
The **ICE Brent/NYMEX WTI** narrowed in September on average to remain tight at just over \$2/b as the value of the international benchmark Brent fell more than US benchmark WTI, reflecting subdued global oil demand and a well-supplied crude market, particularly in the Atlantic Basin. However, the decline of the US crude price was limited by supply disruptions in the GoM amid an active hurricane season, and a significant decline in US crude oil stocks in September, although the decline rate slowed compared to August. In September, the ICE Brent/NYMEX WTI spread narrowed by 38¢ on a monthly average to stand at \$2.25/b. The spread between North Sea Dated and WTI Houston narrowed significantly in September by \$1.42 to only 17¢/b, mirroring the weakness of Brent-related grades that were under pressure from a lack of demand and high availability of unsold volumes. Meanwhile, crude values in the USGC, like WTI Houston, were supported by lower production in the GoM and higher US crude exports in September, according to weekly EIA data.

Hedge funds and other money managers were less bullish on the oil price outlook in September and were net sellers of about 113 mb of crude in both Brent and WTI, amid rising uncertainty about the global economy and signs of a slower-than-expected recovery in oil demand as well as persistently high oil inventories as the acceleration in COVID-19 new cases during September. Speculators reduced their combined futures and options net long positions in both ICE Brent and NYMEX WTI by 113,324 lots to 402,036 contracts. Nonetheless, speculators had different perspectives on the crude oil futures contracts and cut their net long positions at varying magnitudes. Speculators were less bullish on ICE Brent compared to NYMEX WTI.

In line with the fall in Brent prices over September, money managers cut their combined futures and options net long positions in ICE Brent by 91,259 contracts, or 48.4%, to hit 91,259 lots in the week of 29 September, according to the ICE Exchange. In the week ending 29 September, gross short positions rose by 33,015 lots, or 35.1%, to 127,173 contracts, to remain at their highest level since late April, while gross long positions fell by 58,244, or 20.6%, to 224,395 contracts during the same period. Nonetheless, during the week of 22 September, hedge funds and money managers upped their bullish bets on both Brent and WTI crude oil for the first time in five weeks as prices recovered and were expected to rally on the prospect of tightening supply due to disruptions in the GoM and a positive outcome of the JMMC meeting that stressed the importance of adhering to full conformity and compensating for overproduced volumes.

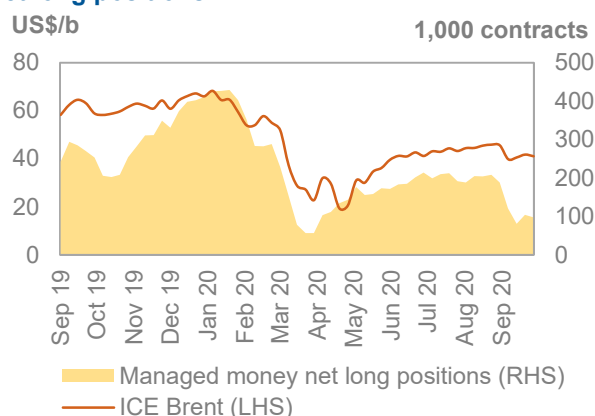
Meanwhile, speculators on NYMEX WTI cut their related net long positions in September by 6.8%, or 22,065 contracts, to stand at 304,814 lots in the week of 29 September. This is due to a rise in short positions by 4,131 lots, or 4.7%, to 91,297 contracts, and a decline of 17,934 contracts, or 4.3%, in long positions, to 396,111 contracts, according to the US Commodity Futures Trading Commission (CFTC).

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



Sources: CFTC, CME and OPEC.

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



Sources: ICE and OPEC.

The **long-to-short ratio** of speculative positions in the ICE Brent contract fell further in September to 2:1 in the week to 29 September, the lowest since April, compared with 3:1 in August. Similarly, the NYMEX WTI long-to-short ratio fell to about 4:1, compared to about 6:1 in August, on average, reflecting a more cautious outlook for oil prices compared to the previous month.

Total futures and options open interest volume on the two exchanges was little changed again in September, falling by 0.5%, or 26,449 contracts, to stand at 5.5 million contracts in the week ending 29 September.

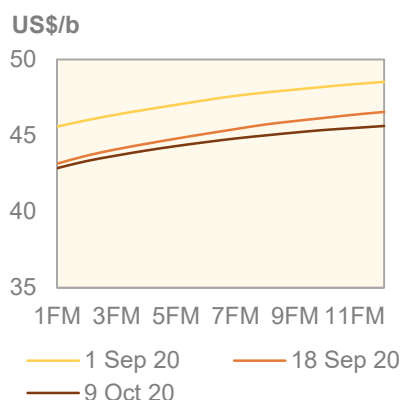
The futures market structure

A softening recovery of global oil demand and maintaining global oil stocks at high levels kept all crude oil markets in contango during September. While the contango in DME Oman eased slightly, ICE Brent and NYMEX WTI futures markets moved into a steeper contango in September, particularly in the front of the curve. Prompt prices were under further pressure from the availability of unsold volumes and the prospect of lower demand from refiners due to maintenance.

The **Brent forward curve** steepened further in September, particularly in the front of the curve, with the ICE Brent M1-M3 contango widening again by 13¢, to \$1.02/b, in September, from a contango of 90¢/b in August. The Brent contango steepened across the entire futures curve, for the next twelve forward months. The supply overhang in the Atlantic Basin and refinery turnarounds, as well as worries on lower demand due to surging COVID-19 cases worldwide weighed down on near-month prices, contributing to a widening contango structure.

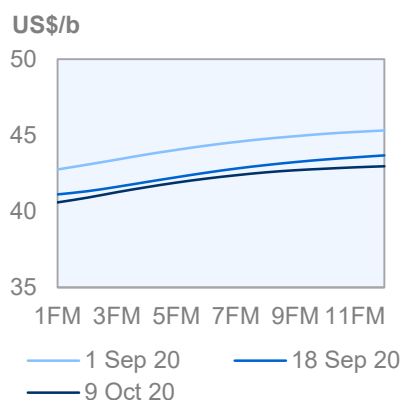
The decline in oil prices over the month and the sell-off from speculators of their long positions have put more pressure on front-month prices.

Graph 1 - 4: ICE Brent forward curves



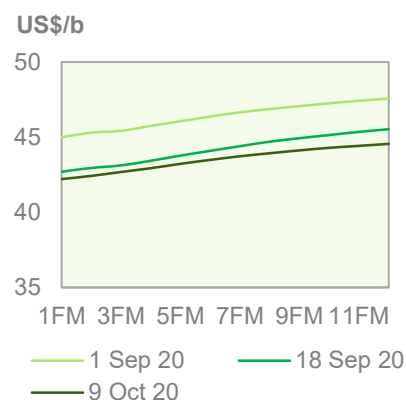
Sources: ICE and OPEC.

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 price structure** also remained in contango in September as market fundamentals remained weak around the oil hub of Cushing, Oklahoma. Crude oil inventories in Cushing accumulated to 65.0 mb in the week to 25 September, its highest level since last May, according to EIA data. Nonetheless, supply disruptions in the GoM, increasing US crude oil exports and declining total US crude oil stocks gave some support to WTI prompt prices and limited the widening contango. The NYMEX WTI M1-M3 contango was little changed in September, widening by 7¢/b m-o-m, to 66¢/b, compared with a contango of 59¢/b in August.

However, the Dubai and **DME Oman contango structure** flattened slightly in September, mirroring the easing supply overhang in the East Suez market for sour crude market, declining floating storage, and expectation on oil demand recovery in Asia Pacific countries during the winter season. Prospects of strong conformity levels from OPEC and participating non-OPEC countries in their production adjustments also lent support to the sour crude market. On a monthly average, the DME Oman M1-M3 narrowed by 13¢, from 79¢/b in August to 66¢/b in September.

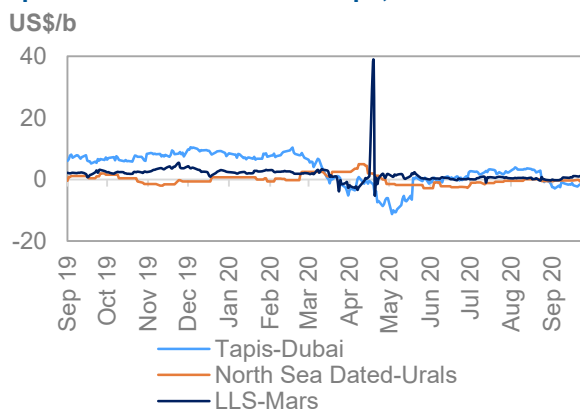
Regarding the **M1/M3 structure**, the North Sea Brent M1/M3 contango widened in September on a monthly average by 23¢ to 91¢/b. In the US, the WTI M1/M3 contango widened slightly in September by 7¢ to 64¢/b compared to a contango of 57¢/b in August. However, the Dubai M1/M3 monthly average spread narrowed by 13¢, from a contango of 70¢/b in August to a contango of 57¢/b in September.

Crude spreads

The weakness of the light sweet crude market in Europe and in the Asia Pacific has largely contributed to further drops in **sweet/sour crude differentials**, in addition to OPEC+ supply adjustments, which restrained supply of sour crude from the Middle East and from Russia. In the USGC, sweet/sour crude differentials remained narrow in September. The poor performance of light distillate products also contributed to the narrowing of sweet/sour crude differentials.

In **Europe**, the sour Urals price continued to settle at a premium against the light sweet benchmark North Sea Dated, on a monthly average, as the value of light sweet crude in the North Sea and in the Atlantic Basin was under growing pressure from the supply overhang, waning crude demand from European refiners, in addition to decreasing light distillate margins.

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



Sources: Argus, OPEC and Platts.

The arrival of WTI crude and competing West African similar grades in Europe added further pressure on Brent values. Meanwhile, a tight early-October loading programme, as well as some improvement in Urals margins on firmer high sulphur fuel oil cracks supported Urals crude values. The Brent-Urals spread widened by 16¢ in September on a monthly average from a discount of 24¢/b in August to a discount of 40¢/b in September.

In the **USGC**, the LLS-Mars spread remained narrow in September at just about 51¢/b, although the spread widened slightly on a monthly average, as sour crude in the USGC, such as Mars, remained buoyed by supply disruptions amid an active hurricane season in the GoM, in addition to the narrow spread between light-heavy distillate products. On the other hand, the subdued light sweet market in the Atlantic Basin weighed on sweet crude values in the USGC, like LLS crude, which should compete with similar crudes to open arbitrage to the international market. The LLS-Mars differential widened by 20¢ in September to 51¢/b.

In **Asia**, the Tapis-Dubai differential fell sharply in September on a weaker value of Tapis light sweet crude, which dropped by about \$4.24 m-o-m against the Dubai value to average at a discount of \$1.86/b in September, from a premium of \$2.38/b in August. The light sweet crude value in the Asia Pacific tumbled on softening demand from regional refiners and steep competition from similar grades related to Brent in the Atlantic Basin that fell sharply. The weakness of Brent's value was also reflected in the drop of the front-month Brent-Dubai Exchange of Futures for Swaps (EFS), to a discount in the second part of September, for the first time since last May. On a monthly average, the Brent-Dubai EFS fell from 37¢/b in August to flat in September.

Commodity Markets

Energy commodity prices were mixed, with declines in crude oil, mixed developments in natural gas, and increases for coal. Base metals were supported by a strong recovery in global manufacturing, but financial market weakness acted as a drag towards the end of the month. In the group of precious metals, gold prices declined after five months of advances as real interest increased in the US.

Trends in selected commodity markets

The **energy price index** declined by around 5.1% m-o-m in September, led by the decline in crude oil. In the January-to-September period, the index was down by 34.1% compared to the same period in 2019.

The **non-energy index** rose m-o-m by 2.4% as in the previous month, with the base metals index up by 1.9% and the agriculture index up by around 2.7%. Compared with the January-to-September 2019 period, the non-energy index was down slightly by 0.4% over the nine months of 2020.

Table 2 - 1: Commodity prices

Commodity	Unit	Monthly averages			% Change Sep 20/Aug 20	Year-to-date	
		Jul 20	Aug 20	Sep 20		2019	2020
Energy*	Index	51.2	53.8	51.0	-5.1	76.6	50.4
Coal, Australia	US\$/mt	51.6	50.1	54.6	8.9	81.4	58.2
Crude oil, average	US\$/b	42.1	43.4	40.6	-6.6	61.8	40.5
Natural gas, US	US\$/mbtu	1.7	2.3	1.9	-16.3	2.6	1.9
Natural gas, Europe	US\$/mbtu	1.8	2.9	4.0	38.1	4.8	2.6
Non-energy*	Index	81.9	85.4	87.5	2.4	81.6	81.2
Base metal*	Index	80.2	83.6	85.2	1.9	82.0	76.3
Precious metals*	Index	138.4	152.3	148.1	-2.8	103.2	130.1

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

Sources: World Bank and OPEC.

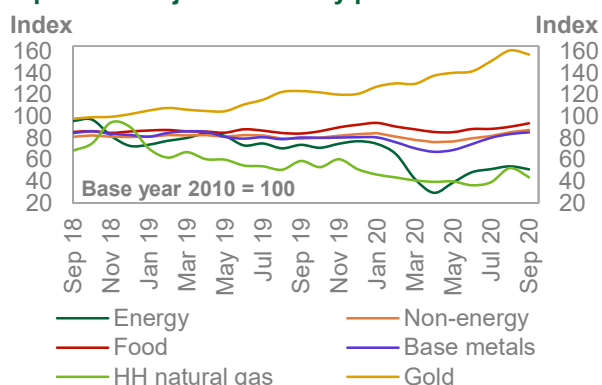
In September, the **Henry Hub natural gas index** declined on average by 16.3% m-o-m to \$1.9/mmbtu, with sharp intra-month price swings. Tropical cyclones in the Gulf of Mexico have limited LNG exports, while at the same time have temporary reduced demand in the impacted areas. However, those cyclones also translated in production curtailments, which added to an already lagging production – down by around 8% y-o-y in the last week of the month according to IHS Markit estimations. However, toward the end of the month prices were supported by the prospect of stronger LNG exports due reports of a smaller number of cargo cancellations for October, with price differentials becoming supportive over the last two months. According to the Energy Information Agency, utilities added 76 bcf to working gas underground storage during the week ending 25 September. This injection left total working gas in underground storage at 3,756 bcf, which was 12% above the last five-year average. At the end of the last week of August, inventories were 13.4% above the latest five-year average.

Natural gas prices in Europe rose strongly for the second consecutive month. The average **Title Transfer Facility price** rose by 38% m-o-m to 3.95/mmbtu. As mentioned in previous reports, there were lower LNG imports, especially from the US, and reduced pipeline deliveries from Norway and Russia partly due to maintenance. This reduced the pace of inventory additions, which were already close to full in some locations. Inventories ended the month of September around 94.7% full, up from around 91% at the end of August, according to Gas Infrastructure Europe. However, this level is below the 96.8% seen at the end of September 2019. In Asia, the expectation of a colder-than-average winter due to La Nina and, as mentioned in previous months, reduced supplies due to safety reviews at Australia's largest LNG facility supported Asian LNG prices.

Australian thermal coal prices rose in September by 8.9% m-o-m to average \$54.6/mt, supported by the announcement of lower supplies by some Australian mine operators, including Glencore, to help stabilize the market. This has occurred at a time when the pace of Chinese coal imports has started to slow, particularly over the last couple of months, as production has recovered, and import curbs are expected in the months ahead. Coal output in August declined slightly y-o-y, and is relatively flat in the January-to-August period, as mentioned in the previous report, according to data from the China National Bureau of Statistics. This follows a slow start in January and February due to COVID-19 related restrictions. Meanwhile thermal power

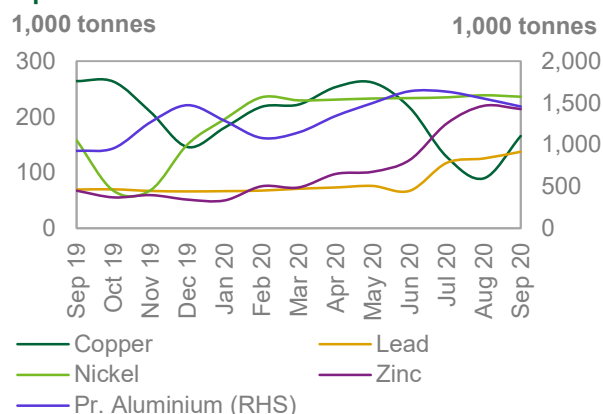
generation increased by 6.2% y-o-y in August, and was down in the January-to-July period by just 0.4% compared with 2019, suggesting strengthening demand.

Graph 2 - 1: Major commodity price indices



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

Graph 2 - 2: Inventories at the LME



Sources: LME, Thomson Reuters and OPEC.

The **base metal price index** rose by 1.9% m-o-m in September, supported by a further strengthening of global manufacturing activity, as witnessed in previous months. However, prices weakened towards the end of the month as financial market sentiment soured on the uncertainties surrounding additional US fiscal stimulus.

Average monthly copper prices rose in September by 3.2% m-o-m to \$6,705/mt; however, prices lost support towards the end of the month as both financial and physical markets showed signs of weakness. According to International Copper Study Group (ICGS) estimates, in the January-to-June 2020 period, the refined copper balance adjusted for unreported Chinese inventories showed a deficit of 278,000 tonnes versus a 30,000 tonnes deficit in the January-to-May estimation. However, inventories at the London Metal Exchange (LME)-designated warehouses jumped in September to 165,600 tonnes from 89,350 tonnes in August, suggesting some softening in demand.

Iron ore prices rose on average in September by 2.2% m-o-m to around \$123.8/mt, still supported by strong demand from China. Chinese steel output, rose by around 8.4% y-o-y to 94.8 mn mt in August, up by 3.7% y-o-y in the January-to-August period, according to the World Steel Association. As noted in the previous report, steel output this year has experienced negative growth in almost all countries, except for China. According to the latest available customs data, Chinese imports were up by 11.0% y-o-y in the January-to-August period.

In the group of **precious metals**, gold was down by 2.4% m-o-m in September to average \$1,921.9/troy oz, as the trend of declining real interest rates that supported the rally came to a halt. Silver prices, meanwhile, declined by 4.7%, while platinum prices dropped by 3.5%.

Investment flows into commodities

Open interest (OI) increased on average in September for US commodity futures and options for copper, declined for natural gas and gold, and was relatively stable for crude oil. On average, speculative net long positions increased for copper, but declined for gold, crude oil and natural gas.

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

Selected commodity	Open interest		Net length			
	Aug 20	Sep 20	Aug 20	% OI	Sep 20	% OI
Crude oil	2,572	2,570	339	13	304	12
Natural gas	1,279	1,276	119	9	117	9
Gold	1,107	1,009	154	14	146	14
Copper	235	245	56	24	76	31
Total	5,693	5,555	1,029	76	1,591	95

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

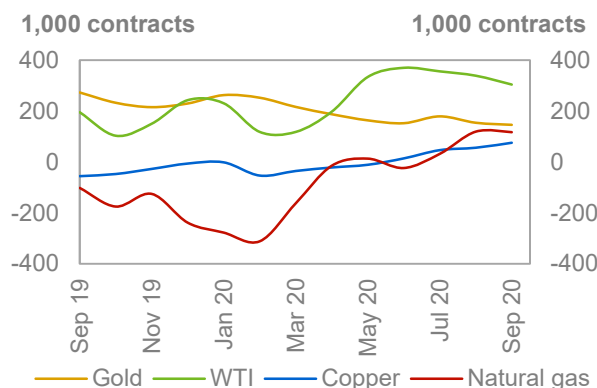
Sources: CFTC and OPEC.

Henry Hub's natural gas OI fell by 0.3% m-o-m in September. Money managers' net long position declined by 1.8% to 116,732 contracts during the month, as moderate temperatures reduced demand. However, the prospect for higher LNG exports prevented further falls.

Copper's OI increased by 4.3% in September. Money managers' net long positions rose by 35% m-o-m to 75,992 contracts in September, supported by a persistent recovery in global manufacturing activity.

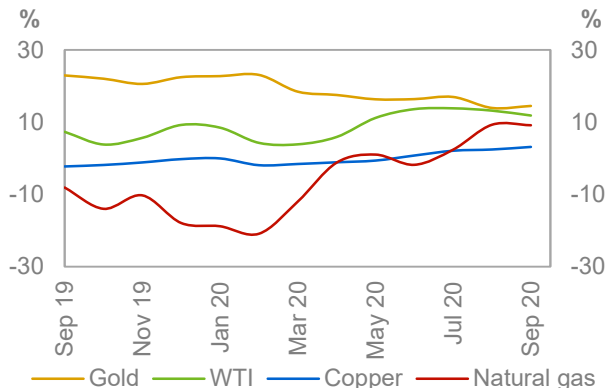
Gold OI decreased by 8.9% in September. Money managers decreased their net length by 5.3% to 146,189 contracts as real interest rates increased after falling for the previous five months.

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



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

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



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

World Economy

As the impacts of COVID-19 have continued into 4Q20, several trends in the global economy are apparent. First, those economies that were able to implement effective COVID-19 containment measures in 1H20, in combination with the ability of strong stimulus measures have so far fared relatively better. This outcome leads to this month's 2020 GDP growth upward revisions in the OECD economies and China, while selective emerging and developing economies, were revised down. Second, those countries that rely relatively more on the services sector, especially on the contact-intensive sub-sectors of travel and transportation, tourism, hospitality and leisure will most likely face ongoing challenges in 2021. This led to downward revisions in 2021 GDP growth in OECD economies and those emerging and developing economies that rely primarily on the income of tourism. Third, even in the case of a rapidly marketable vaccine, the impact of COVID-19 will be felt on a larger scale than previously envisaged in 2021, as the global economy continues to adapt to the 'new normal.' Such adaptation will be accompanied by important structural changes in the global economy, ranging from supply chain alterations to a rise in digitalisation, more home-office bound working and less business-related travel. Moreover, it is expected that debt levels across the world will continue rising. This includes the US, with the potential for a further softening impact on the value of the US-dollar. Moreover, it is expected that the labour market will continue to be impaired, with those economies that are flexible and dynamic will be better equipped to weather this trend. During this ongoing transition period, the global economy is also forecast to face a slow-down in productivity. These developments have also been addressed in this year's publication of OPEC's World Oil Outlook (WOO).

By taking these trends into consideration, the 2020 global economic growth forecast remains unchanged at -4.1% y-o-y, while global growth for 2021 was revised down slightly to 4.6% y-o-y. However, additional uncertainties remain. These include the near-term trajectory of the COVID-19 pandemic, the US presidential elections, Brexit and ongoing geopolitical tensions. The currently anticipated COVID-19 related assumptions in the forecast are that while infection rates will continue to rise, hospitalization rates and fatality rates remain at a contained level, significantly below the 1H20 numbers. Localised lockdowns will be applied, but no significant nationwide lockdowns will be implemented in any of the major economies. It is also assumed that a widely distributable vaccination will only be available by 2H21.

The OECD growth forecast for 2020 was revised up to stand at -5.7% y-o-y, compared with -6.0% in the previous month. This is followed by slightly downwardly revised growth of 3.8% y-o-y in 2021, which compares to 4.0% in the previous month. In emerging economies, India's 2020 GDP growth was revised down to -7.5% y-o-y from -6.2% the previous month. For 2021, its growth forecast remains at 6.8% y-o-y. Brazil's 2020 GDP growth forecast was revised up to -6.2 y-o-y, compared with -6.5% from the previous month. The Brazilian economy is forecast to grow by 2.4% y-o-y in 2021. China's 2020 GDP growth forecast was revised up to 2.0% y-o-y from 1.8% in the previous month. In 2021, China is forecast to grow by 6.9% y-o-y. Russia's 2020 GDP remains at -4.9%. The 2021 recovery is forecast to reach 2.9%, with the country benefiting from the ongoing DoC process.

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

	World	OECD	US	Euro-zone	UK	Japan	China	India	Brazil	Russia
2020	-4.1	-5.7	-4.2	-7.7	-9.0	-5.7	2.0	-7.5	-6.2	-4.9
Change from previous month	0.0	0.3	0.9	0.0	-0.2	-0.2	0.2	-1.3	0.3	0.0
2021	4.6	3.8	3.9	4.2	4.0	2.8	6.9	6.8	2.4	2.9
Change from previous month	-0.1	-0.2	-0.2	-0.1	-0.1	-0.4	0.0	0.0	0.0	0.0

Note: * 2020–2021 = Forecast.

Source: OPEC.

Global

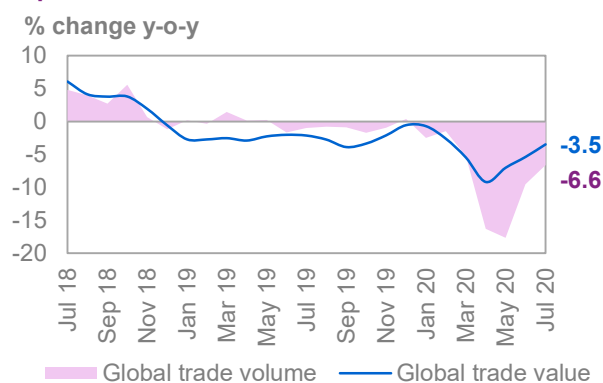
Update on latest developments

After lockdown measures have been eased towards the end of 2H20, a strong 3Q20 recovery has materialised across the globe. This has been supported by the strong governmental-led stimulus that provided private households with ample financial support, financial means that have lifted consumption significantly, pushing up global GDP from historically low levels in 2Q20. With the broad-based stimulus measures, the softening of

labour markets has been contained and the strong negative trend, particularly in the US labour market, recovered very quickly again. While these developments have been very positive so far, developments in 4Q20 and the potential spill-over into 2021 will need close monitoring. Numerous challenges remain and new challenges have emerged. As a side effect of this unprecedented support, debt levels have risen significantly across the globe. In addition to a rise in COVID-19 cases, political issues remain. Brexit talks have stalled, global trade remains impaired, and some geopolitical issues have worsened. So far the OECD economies and China have better weathered the storm than most of the emerging and developing economies. From a sectorial perspective, manufacturing is picking up again, while the services sector sees some ongoing fragility in important sub-sectors, namely travel and tourism, leisure and hospitality. On a positive note, other service sectors are improving, especially the health sector, IT and communications. Furthermore, the financial sector is also doing well, supported by the extraordinary monetary easing by major central banks.

Global trade levels have recently recovered from lows, but given ongoing disputes between the US and China, other US-centred trade challenges as well as Brexit, world trade will remain impacted and is not expected to be a driving force in the recovery. Data available up to July shows that trade started to recover from a very low level. World trade volume levels declined by 6.6% y-o-y in July, compared with a fall of 9.5% y-o-y in June and a decline of 17.6% y-o-y in May, based on the CPB World Trade Index, provided by the Netherlands Bureau of Economic Policy Analysis. Trade in value terms improved as well, falling by 3.5% y-o-y in July, compared with a drop of 5.4% y-o-y in June and 7% y-o-y in May.

Graph 3 - 1: Global trade



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

Near-term expectations

While the 3Q20 recovery in some economies was impressive, the near-term trend remains fragile, amid a variety of ongoing uncertainties, especially the near-term trajectory of COVID-19. As this uncertainty looms large, amid a globally strong rise in infections, it is not expected that the considerable recovery in 3Q20 will continue into 4Q20 and in 2021. The global economy is forecast to remain in transition and some oil-demand-sensitive sectors will continue facing a challenging period. So far, it is anticipated that in 2020 the OECD group of countries are faring relatively better than emerging and developing economies, except China. Following a steep contraction in 1H20, the recovery in the US and the Euro-zone seems to have gained traction, despite rising infection rates in some of these areas. Japan's recovery does not seem to be accelerating as rapidly currently, as the economy was already in a challenging situation pre-COVID-19, but it will benefit from external trade in 2H20 as this area seems to continue benefitting from the ongoing recovery. As China has implemented tight measures to contain COVID-19 in 1H20, it has successfully managed to recover and is forecast to be the only one of the major economies to show positive annual growth.

Contrary to these more positive developments, most emerging and developing economies remain in a challenging situation. India remains very much embattled by COVID-19, having entered the pandemic already in a fragile situation. Russia and Brazil have also been strongly impacted. Both benefit currently from a rise in commodity prices and stimulus measures, though numerous challenges remain, leading to only a mild recovery in the coming year.

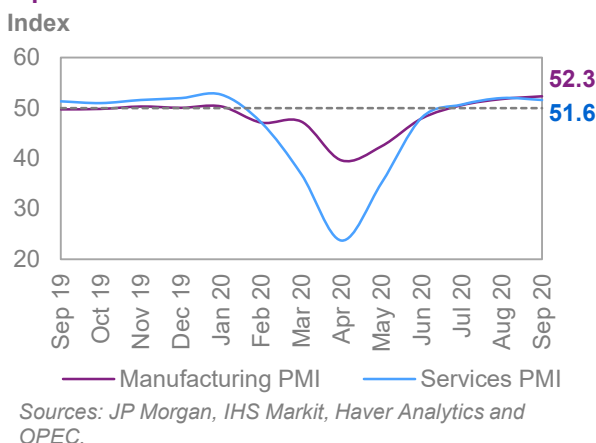
The trend of relatively better performance in OECD economies and China is expected to continue in 2021. While India is also expected to post significant growth, risks remain skewed to the downside. Japan is also expected to see relatively slower growth momentum in 2021 compared with other OECD economies.

Sectors severely impacted by the pandemic, such as travel and tourism, leisure and hospitality are not expected to achieve pre-COVID-19 levels of activity before the end of 2021. Compensating for some of this shortfall, sectors such as health, IT and communications are forecast to accelerate.

Debt levels across the world are forecast to continue rising. This will, significantly, also apply to the United States, with a potential softening impact on the value of the US-dollar, which in turn could cause inflation levels to go up in the medium-term. The trend of rising inflation in the medium term, after a current short-term dynamic of low inflation or even deflation, may also be reflected on a global base, fuelled by a localisation and disruption of currently globally integrated supply-chains.

Global purchasing managers' indices (PMIs) in August supported the view of an ongoing fragile recovery in the services sector, while manufacturing has improved relatively better. The global manufacturing PMI rose to 52.3 in September, compared with 51.8 in August. The global services sector PMI retracted to a level of 51.6 in September, compared with 52 in August.

Graph 3 - 2: Global PMI



With some improvements in the OECD, but somewhat further weakening growth trends in emerging and developing economies, the 2020 **GDP growth** forecast remains at -4.1% y-o-y. This anticipates a strong recovery in 3Q20 and some softening in 4Q20. The gradual pick-up is forecast to carry over into 2021. It is also assumed that the virus remains widely contained in 2021 and no further major lockdown measures will be required. In addition, the recovery next year foresees no further challenges that will impact economic growth.

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

	World
2020	-4.1
Change from previous month	0.0
2021	4.6
Change from previous month	-0.1

Note: * 2020–2021 = Forecast.

Source: OPEC.

Further issues that may derail the recovery in 2021 include potential consequences from rising debt levels, further social unrest in some economies, geopolitical issues, trade-related challenges and Brexit. Compared to last month's global GDP assumption of a growth level of 4.7%, it is anticipated that growth in the contact-intensive services areas will grow less strongly. This leads to a 2021 GDP growth revision to 4.6%. Any major upside may come from the comprehensive containment of COVID-19, be it an effective and distributable vaccination, COVID-19's natural end, or the establishment of a powerful treatment.

OECD

OECD Americas

US

Update on the latest developments

In its latest release of 2Q20 GDP growth, the Bureau of Economic Analysis provides a slight upward revision to the previously announced GDP growth data. The 2Q20 GDP decline now stands at -31.4% q-o-q seasonally adjusted annualised rate (SAAR), still a very high decline, but better than in the previous two estimates, -32.9% q-o-q SAAR and 31.7% q-o-q SAAR, respectively. The declines came across the board, with investments being hit significantly, declining by 46.6% q-o-q SAAR. The slightly bettering trend from the end of 2Q20 has continued in 3Q20. 3Q20 economic indicators have pointed at a strong recovery in US economic activity so far. The labour market has improved significantly since the 2Q20, when unemployment hit a record of almost 15% in April. Consequently, consumer sentiment has improved, albeit it was recently negatively impacted by lack of an agreement to continue social welfare payments and implement additional fiscal stimulus measures. Additionally, the ongoing significant rise in COVID-19 infections in the US may lead to a slow-down in economic activity at a larger scale than previously anticipated. After consumer confidence fell in August, it rose again in September. Consumer confidence, as measured by the Conference Board, increased to a level of 101.8, compared with 86.3, in August. This is the highest level since after COVID-19 related lockdown measures were implemented in March. This compared to last year's average index level of 128.3 and a pre COVID-19 level in March of 118.8.

The **US industrial** sector activity retracted again a bit as it fell by a non-seasonally adjusted rate of 7.9% y-o-y in August, compared with -7.6% y-o-y in July. Exports improved, declining on an annual basis, falling by 18.3% y-o-y in August, compared with -20% y-o-y in July.

The labour market showed continued signs of a recovery. In August, the **unemployment rate** improved to stand at 7.9% in September, after 8.4% in August, a continuous improvement since the peak level in unemployment in April, when the rate stood at 14.7%.

Non-farm payrolls increased further by 661,000 in September. However, the improving trend is slowing down as this comes after a rise of 1.489 million in August, 1.761 million July and 4.781 million in June. In April, 20.787 million and in March 1.373 million, jobs were lost.

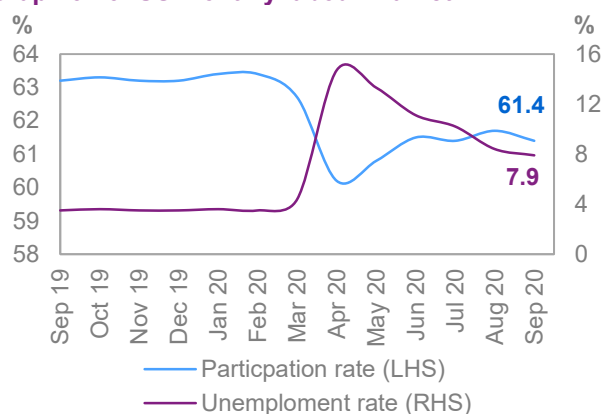
Near-term expectations

While the 3Q20 recovery is estimated to be strong, some slowing-down in the rebounding dynamic is forecast to take hold in 4Q20. This is due to political uncertainties, amid the US presidential elections and due to the rise in COVID-19 infections which increases the likelihood of voluntary social distancing and hence impacting the contact-intensive services industry. After the strong 3Q20 decline of 31.4% q-o-q SAAR in GDP, the recovery that started in June just after the easing of lockdown measures is forecast to lead to a strong recovery in 3Q20. Growth is forecast to reach almost 25% q-o-q SAAR in 3Q20 and 5% q-o-q SAAR in 4Q20. However, this will also very much depend on near-term COVID-19 related developments. If lockdowns continue to be only localised, and mobility continues to rise, as it has done over the past weeks, economic activity is forecast to perform well in the US in 2H20. The economic performance in the coming year is expected to pick up significantly, but the ongoing challenges stemming from COVID-19 are forecast to impact the services industry at a slightly larger scale, when compared to the previous month estimate. Also, the coming year will depend on the outcome of presidential elections in November. A major concern going forward may be the rising debt level, which will need close monitoring.

So far the negotiations in Congress about a further fiscal stimulus package have stalled and there is only a small probability that further stimulus will be implemented ahead of the elections. While it is likely that some sort of further fiscal stimulus will be agreed upon in Congress after the elections, the forecast does not include an additional package, which therefore could provide some upside, depending on its structure. For the time being, COVID-19 is anticipated to be widely contained in 2H20 and in 2021, while partial and localized lockdowns being necessary. Moreover, the US Federal Reserve (Fed) is expected to continue its flexible approach with regard to its monetary policy to counterbalance COVID-19's effects.

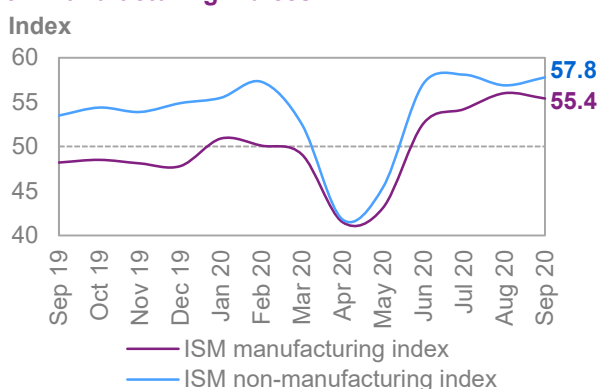
The economy's rebound is reflected in the **September's PMI** levels as provided by the Institute for Supply Management (ISM). The manufacturing PMI fell slightly to reach 55.4 in September, compared with 56.0 in August, 54.2 in July and 52.6 in June. Hence, the September index level is holding up very well. The services sector index rose to 57.8 in September, compared with 56.9 in August and 58.1 in July.

Graph 3 - 3: US monthly labour market



Sources: Bureau of Labor Statistics and Haver Analytics.

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



Sources: Institute for Supply Management and Haver Analytics.

Given the upward revision of 2Q20 **GDP growth** by the BEA and especially the ongoing stronger-than-expected output indications in 3Q20, the US 2020 GDP growth has been revised up to stand at -4.2% y-o-y, compared with -5.1% in the previous month. However, it is expected that the momentum from 3Q20 will slowdown in 4Q20. With the assumption that COVID-19 will be contained, a further rise in consumption and investment could lead to a solid recovery in the coming year.

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

	US
2020	-4.2
Change from previous month	0.9
2021	3.9
Change from previous month	-0.2

Note: * 2020–2021 = Forecast.

Source: OPEC.

However, COVID-19 related uncertainties and political challenges are large. By taking some further downside risk into consideration, the US GDP growth is forecast at 3.9% y-o-y, compared with 4.1% in the previous month.

Some potential upside could materialize if the virus' impact lessens and current improvements in the labour market continue. Moreover, greater stimulus measures and liquidity injections by the Fed could push growth up more than is currently accounted for in the forecast.

OECD Europe

Euro-zone

Update on the latest developments

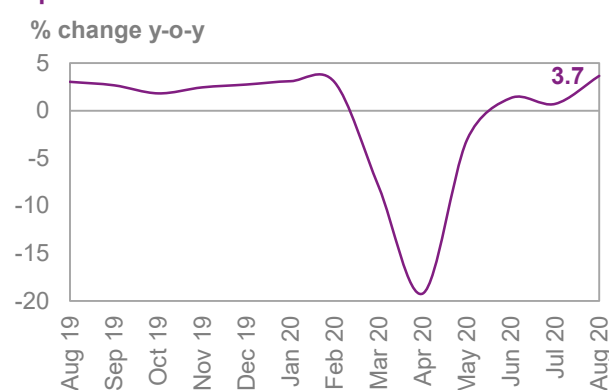
The Euro-zone has seen a good recovery in 3Q20, following the difficult 1H20. It also turned out that those economies that are less services sector sensitive and are more manufacturing bound have benefitted relatively more from the recovery. Especially those economies that are relatively more reliant on contact-intensive areas, like travel and leisure, faced a larger impact. In this respect Germany has suffered less than the economies of Spain and Italy. The European Central Bank (ECB) has continued its monetary stimulus measures as inflation and lending point at the possibility of an increase in its support facilities. In its latest September rate setting meeting, the ECB emphasised its aim of standing ready to adjust all of its instruments, as appropriate, to ensure that inflation moves towards its aim in a sustained manner. Inflation remained in negative territory in September, declining by 0.3% y-o-y, making a sound case for further monetary stimulus.

COVID-19 is the dominant factor in the recovery. With rising infections in all major economies, including Germany, the near-term development will need close monitoring. Some economies' performance over the last months, including Germany's and France's, have been slightly stronger-than-expected, but the momentum may slow-down if the rise in infection rates continues to dampen consumer confidence. So far the extraordinary fiscal and monetary stimulus measures supported the recovery in the Euro-zone economies, and broad-based labour market subsidy schemes in most economies helped maintain reasonable income levels.

Measures supportive of the **labour market** in the Euro-zone have thus far kept the unemployment rate at a relatively modest level. The latest available August numbers from Eurostat point to a relatively modest increase in the unemployment rate to 8.1% from 8.0% in July.

Retail sales, improved well in August, recovering further in value terms, up by 3.7% y-o-y compared with 0.7% y-o-y in July. Industrial production (IP) recovered in July as well, declining by 7.8% y-o-y, after a decline of 11.7% y-o-y was seen in June.

Graph 3 - 5: Euro-zone retail sales



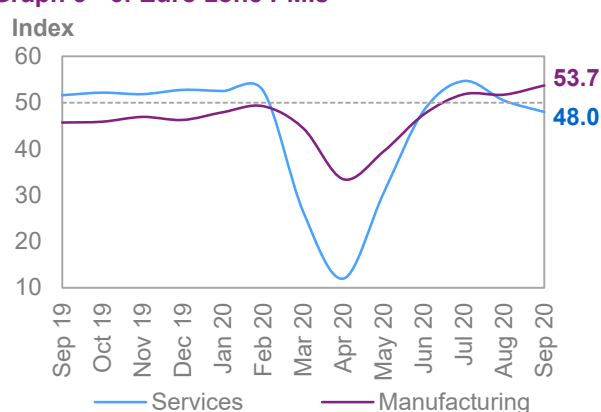
Sources: Statistical Office of the European Communities and Haver Analytics.

Near-term expectations

While the 3Q20 recovery has so far performed slightly better than expected, the rise in infections and its consequent effect on growth are forecast to weigh on the GDP development in 4Q20. In general and as in other economies, the Euro-zone's growth trend will very much depend on COVID-19 related developments. While the recovery is forecast to be stronger in Germany and France, given the large size of their stimulus packages and expected support from exports, other economies that were already in a fragile situation pre-COVID-19 are forecast to experience a softer recovery, especially Spain. Italy may also face ongoing challenges. The assumption of a solid 2H20 recovery has not been altered. After a SA decline in GDP growth by 3.7% q-o-q in 1Q20 and 11.8% q-o-q SA in 2Q20, the 2H20 GDP growth rebound is forecast at around 6.3% on average, unchanged from last month, with a slightly better performance in 3Q20, while growth in 4Q20 will soften a bit more. It is forecast that infection rates will continue to go up, but only localised actions to contain the virus are anticipated in the forecast, similar to the current handling of lockdowns. The acceleration of the 4Q20 rebound is forecast to carry over into 2021. An important area of uncertainty is the depth of the recovery in travel and tourism, leisure and hospitality, as they are very important economic sectors for most Euro-zone economies, particularly France, Italy and Spain. Finally, it remains to be seen how global trade will further develop, and while trade is forecast to recover in 2H20 and in 2021, it will probably remain subdued.

The September **PMIs** for the Euro-zone economy reflect the rise in momentum in manufacturing, while the services sector remains fragile. The manufacturing PMI improved to 53.7 in September, compared with 51.7 in July. The PMI for services, the largest sector in the Euro-zone, fell strongly to a level of 48 in September, compared with 50.5 in August, and 54.7 in July.

Graph 3 - 6: Euro-zone PMIs



Sources: IHS Markit and Haver Analytics.

Taking into account the somewhat better-than-expected 2Q20 GDP development and a stronger-than-expected rise in 3Q20, but also acknowledging a current weakening in the momentum amid the rising COVID-19 infection rates, the **GDP forecast for 2020** remains at -7.7%. The now slightly weaker momentum in 4Q20 is forecast to carry over into 2021, when growth is forecast at 4.2%, compared with 4.3% in the previous month.

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

	Euro-zone
2020	-7.7
Change from previous month	0.0
2021	4.2
Change from previous month	-0.1

Note: * 2020–2021 = Forecast.

Source: OPEC.

OECD Asia Pacific

Japan

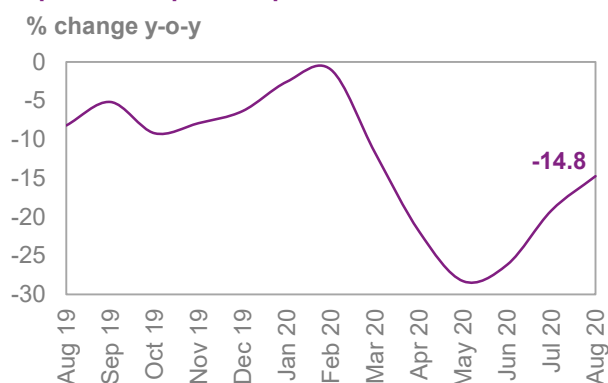
Update on latest developments

The Japanese economy has been facing ongoing challenges with sustained low growth in domestic demand and only gradual improvements in external trade. The unprecedented stimulus measures of around 20% of GDP have supported the 3Q20 recovery, however, the near-term path for 4Q20 and 2021 remains unclear. The economy had entered the COVID-19 pandemic with a fragile footing already, and while parts of the economy are recovering, the depth and strength of the recovery is gaining less traction than anticipated. Domestic demand is not picking up significantly. Exports are improving, but are still declining as are manufacturing orders. Economic weakness is detectable also in the usually robust Japanese labour market, with the unemployment rate rising to 3.0% in August, the highest level of unemployment in more than three years. With a newly nominated Prime Minister now in place, it remains to be seen, if policy changes will be applied, but for the time being this is not expected.

Meanwhile, **industrial production** declined by 11% y-o-y in August, recovering from a decline of 14.2% y-o-y in July and 19.8% y-o-y in June. In line with this, **exports** fell by 15.5% y-o-y in August, compared with a drop of 19.6% y-o-y in July and -25.1% y-o-y in June, all on a non-seasonally adjusted basis.

Retail sales improved slightly, declining by 2.0% y-o-y in August, compared with a fall of 2.8% y-o-y in July. **Consumer sentiment**, as reported by the Cabinet Office, rose marginally as well. The index rose to reach a level of 33.3 in September, compared with 29.8 in August and 30 in July.

Graph 3 - 7: Japan's exports



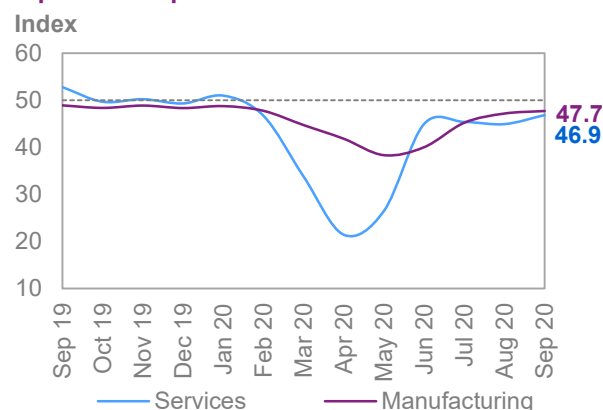
Sources: Ministry of Finance, Japan Tariff Association and Haver Analytics.

Near-term expectations

While the gradual improvement in Japan continues, the trend of slowly improving domestic demand in combination with also an ongoing fragile recovery in exports is forecast to continue. After the declines of 2.3% q-o-q SAAR in 1Q20 and -28.1% q-o-q SAAR in 2Q20, the recovery is forecast to gain some traction to reach growth of 14% q-o-q SAAR, before falling to 7% q-o-q SAAR. Further stimulus measures may support growth, but it remains to be seen, if this will be something that the government under the new leadership will pursue. Utilisation rates in manufacturing that have fallen from more than 100, to now stand at 82.2 in July, pointing at an upside in manufacturing in the economy, if demand side factors recover.

August **PMIs** point at the ongoing patchy state of the recovery in Japan in both the services and manufacturing sectors. While the manufacturing PMI rose to 47.7 in September, compared with 47.2 in August, the index remains clearly below the growth-indicating level of 50. The PMI for the services sector — which constitutes around two-thirds of the Japanese economy — rose to 46.9 in September compared with 45 in August, but also standing clearly below the level of 50 level, indicating a contraction in this important sector as well.

Graph 3 - 8: Japan's PMIs



Sources: IHS Markit, Nikkei and Haver Analytics.

The underlying assumption for the **GDP growth** forecast considers that after the downturn in 1Q20 and 2Q20, some rebound may take hold in both the 3Q20 and at a milder rate also in 4Q20. However, taking lower-than-previously expected 2H20 GDP growth numbers into account, the 2020 GDP growth forecast was revised down to -5.7%, from -5.5% the previous month. Further downside risk prevail, with ongoing sluggishness in domestic activity and sentiment indicators.

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

	Japan
2020	-5.7
Change from previous month	-0.2
2021	2.8
Change from previous month	-0.4

Note: * 2020–2021 = Forecast.

Source: OPEC.

Assuming the containment of COVID-19, a rebound and gradual positive momentum towards the end of the year, growth should pick up again in 2021. While GDP growth is expected to remain supported by stimulus measures, leading to a recovery in private household consumption and investment, GDP growth in 2021 was revised down to 2.8%, from the previous month forecast of 3.2%.

Non-OECD

China

Update on the latest developments

During the last two months, China's investment and industrial production kept spurring the economic recovery. Private consumption kept lagging behind, due to the weak services demand as well as the external demand due to the slow recovery that several other major economies around the globe still face.

The fiscal and monetary policy easing would continue to support the economic recovery, yet the PBoC is more likely to lean towards a more safeguarding financial market stability as there are signs of rapid acceleration in credit growth. That means the PBoC may allow interbank interest rates to rise in the near future.

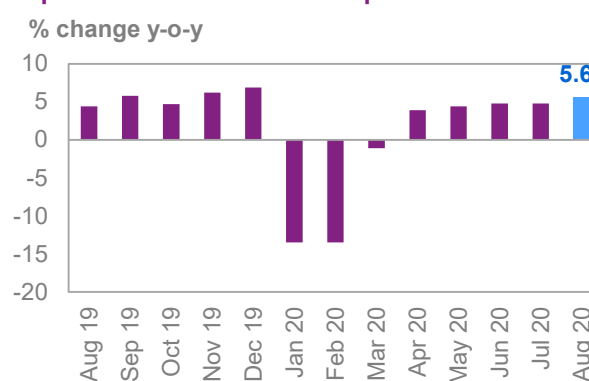
Meanwhile, the Golden Week holiday travel is pushing the domestic tourism demand up, as almost half a billion Chinese citizens are taking home vacation, according to the Ministry of Culture and Tourism. Yet, according to the same source through the first four days of the holiday, tourism revenue was only 312 billion yuan, which is 31% below last year level. Nevertheless, the 425 million Chinese domestic travellers would probably lead to a sizable recovery in the tourism industry.

China's industrial production continued its momentum and surged by 5.6 % from a year earlier in August 2020, the most since December 2019, as the economy recovers from COVID-19 shock.

Overall businesses confidence is increasing as the future expectations index edged up, to 58.7 in August 2020, the highest reading since September 2017. Such a reading increases optimism about the near term economic outlook.

China's trade surplus widened sharply to \$58.93 billion in August 2020 from \$34.72 billion in August 2019. Exports increased by 9.5% y-o-y, while imports unexpectedly fell by 2.1% y-o-y. Meanwhile the country's trade surplus with the US widened to \$34.24 billion in August, from \$32.46 billion in July 2020.

Graph 3 - 9: China's industrial production

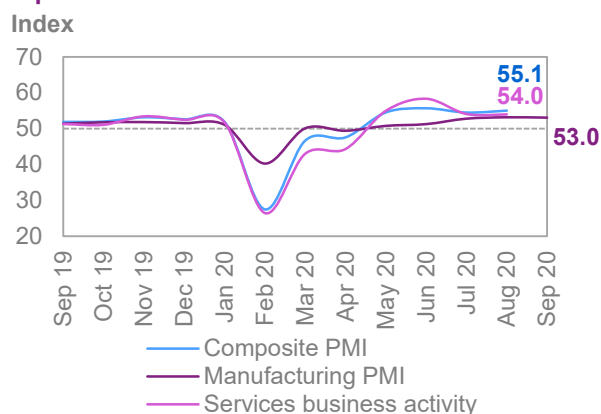


Sources: China National Bureau of Statistics and Haver Analytics.

Near-term expectations

China's economy is expected to continue its uneven recovery, which might lead to further expansion in 3Q20 and keep the sustained momentum into the 4Q20. Yet, the unparalleled strengthening between the demand and the supply side of the economy might pose challenges. The increased levels of production without an equivalent private demand most likely would translate into higher inventories levels which in turn would hold back future output. Meanwhile uncertainty with regard to local and global COVID-19 developments might negatively counterbalance the economic outlook in the coming months. In the meantime, the Caixin China General Manufacturing PMI was unchanged at 53.0 in September 2020, indicating manufacturing activities maintained its recovery momentum.

Graph 3 - 10: China's PMI



Sources: Caixin, IHS Markit and Haver Analytics.

Accounting for this recovery momentum in line with the expected uptick in the services sector, 2020 GDP growth is revised up, to 2.0% from 1.8% in the previous month, 2021 GDP growth is unchanged from last month, at 6.9%.

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

	China
2020	2.0
Change from previous month	0.2
2021	6.9
Change from previous month	0.0

Note: * 2020–2021 = Forecast.

Source: OPEC.

Other Asia

India

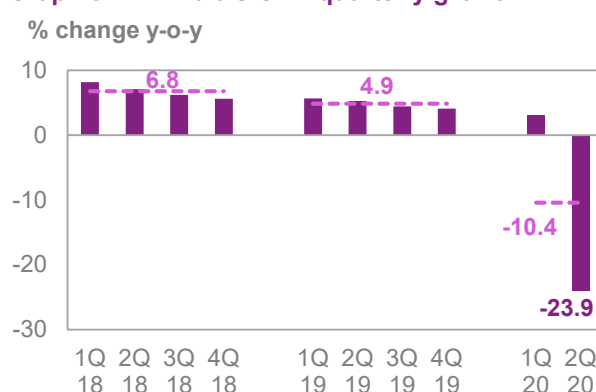
Update on the latest developments

India's economy is facing a decisive phase in the fight against COVID-19 as the stringent lockdown along with subordinate fiscal support in comparison with other nations derived the economy to a double-digit decline in 2Q20. Meanwhile the rising COVID-19 infections eclipsed consumer and business outlook. Both investment and household demand remained weak despite the COVID-19 restrictions easing. According to the Monitoring Indian Economy database (CMIE), y-o-y the new investment announcements in terms of value contracted by 82% in the fiscal quarter ending September, which was the sharpest decline since 2Q96. Meanwhile, according to the same source, the annual contraction in the value of investment projects recorded the second highest contraction of 62.9% over the same period.

On the consumption side, passenger vehicle sales rose in August to 14.2% y-o-y from -3.9% y-o-y in July. Sales of tractors and mopeds, as good proxies for the rural demand, jumped in August to 25.6% and 74.7% y-o-y from 14.1% and 38.5%, y-o-y respectively in July.

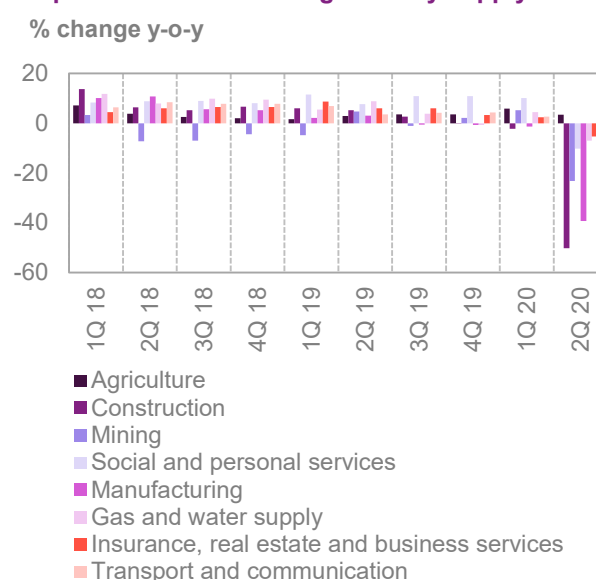
The Reserve Bank of India (RBI) stated that the Indian economy is predicted to contract by 9.5% in the current fiscal year. Yet the bank kept its policy rate at 4% due to the increased inflationary pressures. Indeed, the Consumer Price Index (CPI) stood at 6.7% y-o-y in August 2020 which is above the upper limit target of the central bank driven mainly by the fuel price inflation. Meanwhile, RBI offered unconventional measures to arrest the downtrend of economic activities including additional special open market bond operations and increased the securities ratio that private banks can hold until maturity within their statutory liquidity ratio (SLR) in order to reduce the losses driven by market volatility.

Graph 3 - 11: India's GDP quarterly growth



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

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

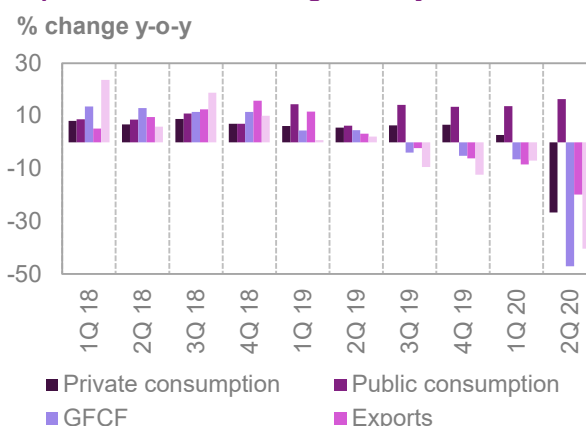


Sources: Central Statistics Office and Haver Analytics.

Indian industrial production declined at a softer rate in July as it contracted by 10.4 % y-o-y, compared to a downwardly revised 15.8% fall in June. Yet the industrial production is still falling amid the COVID-19 pandemic and a prolonged lockdown.

On the external economy outlook, according to preliminary estimates, India's trade deficit narrowed sharply to \$2.9 billion in September 2020 from \$10.9 billion in September 2019, as Indian imports dropped by 19.6% to \$30.31 billion, while the exports surged after six months of declining by 5.3% to \$27.4 billion driven by the increased external purchases of engineering goods, petroleum, pharmaceuticals in addition to readymade garments.

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



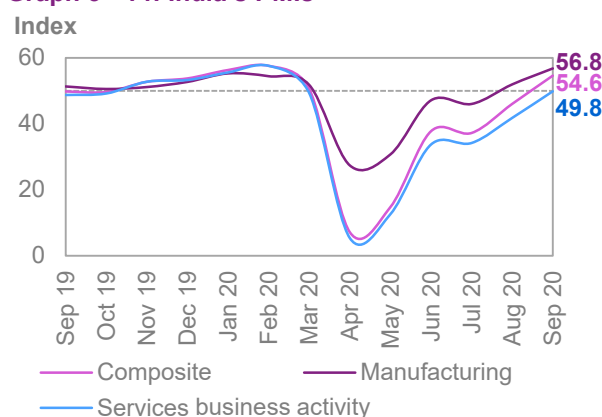
Sources: Central Statistics Office and Haver Analytics.

Near-term expectations

India's economy is more likely to keep slow pace of recovery despite the ongoing easing of COVID-19 restrictions. The Manufacturing PMI increased to 56.8 in September 2020, from 52.0 in August, and Services PMI increased to 49.8 in September 2020 from 41.8 in the previous month signalling a stabilization in both sector. Nevertheless, both investment and private consumption may keep facing challenging conditions imposed by the increasing COVID-19 infections and the declining consumer and business confidence. Moreover, the balance sheet stresses of the financial and non-financial sectors that exist prior to COVID-19 have been worsened by the lockdown and may continue to disturb the overall financial conditions and add another burden to investment recovery. A further increase to the fiscal stimulus also might be challenging due to limited room to fiscal support on the one hand and the lower sovereign rating which was recently adopted by several rating agencies on the other hand.

Considering the gloomy near-term outlook and reflecting the impact of the income shock on households and small businesses, India's 2020 GDP forecast revised down, to -7.5%, from -6.2% in the previous month. The Indian economy is forecast to bounce back in 2021 as the GDP is forecast to grow by 6.8% same as last month.

Graph 3 - 14: India's PMIs



Sources: Nikkei, IHS Markit and Haver Analytics.

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

	India
2020	-7.5
Change from previous month	-1.3
2021	6.8
Change from previous month	0.0

Note: * 2020–2021 = Forecast.

Source: OPEC.

Latin America

Brazil

Update on latest developments

Brazil's 2Q20 GDP data indicted relatively smaller economic damage from the pandemic in comparison to the rest of the Latin America region. The flexible approach to lockdowns combined with the 32% of GDP substantial fiscal stimulus would support a further economic recovery. Nevertheless, in September 2020 Brazil's consumer inflation registered its fastest increase since 2003 as both food and fuel prices surged. The annual inflation

rate increased to 3.14% in September 2020 from 2.44% in August. Such inflationary pressures, despite it is below the lower target, supported the central bank decision to keep its key rate unchanged at 2.0%. Yet, the decision elevated the concerns regards a tighter monetary policy in the near term.

Retail Sales in Brazil surged 6.10% y-o-y in August of 2020, following a 5.5% growth in July. Meanwhile, Industrial Production decreased 2.7% y-o-y in August of 2020, after the downwardly revised 2.8% y-o-y decline in July 2020 amid the COVID-19 pandemic.

In the meantime, over January to July according to IBGE, the number of employed workers shrank to 82 million in July from 94 million in January, and the number of unemployed workers surged to 13.1 million from 12 million in January. The workforce participation rate also drop to 54.7% in July from 55.3% in June.

On the external demand outlook, Brazil's trade surplus widened to \$6.2 billion in September 2020 from \$3.8 billion in September 2019. Exports shrank by 9.1% from a year earlier to \$18.5 billion, while imports fell 25.5% to \$12.3 billion. In particular, to the EU exports dropped by 43.6% and the US by 23.9% while shipments to Asia increased 9.1%. Imports declined to Asia by 0.5%; the EU by 18.7% and the US by 26.6%.

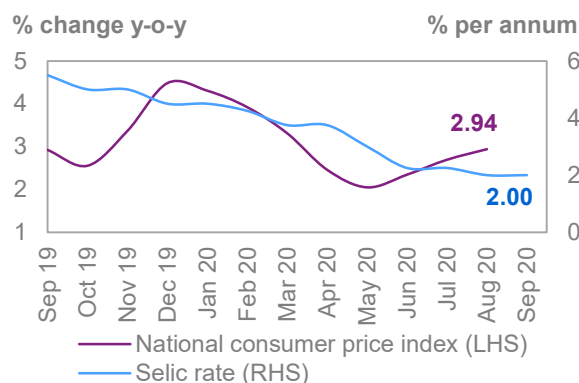
Near-term expectations

Looking ahead, the near-term outlook for the Brazilian economy is highly dependent on the trajectory of COVID-19. The nation currently has the world's second highest reported death toll after the US. Yet the Industrial Entrepreneur Confidence Index in Brazil jumped to 61.6 in September 2020 from 57 in August. It was the highest reading in seven months, amid the easing of COVID-19 lockdown measures.

Expectations over the next six months regarding the country's economic situation rose in September to 61.2 compared to 57.4 in August. Moreover, the gauge measuring the current economic situation surged in September to 49.5 versus 41.3 in August. Both manufacturing and services PMI's surged as well in September. The Services PMI registered its first expansion in the sector since February 2020, following the loosening of COVID-19 lockdown restrictions. The manufacturing PMI recorded its sharpest increase on record as it jumped to 64.9 following 64.7 in August.

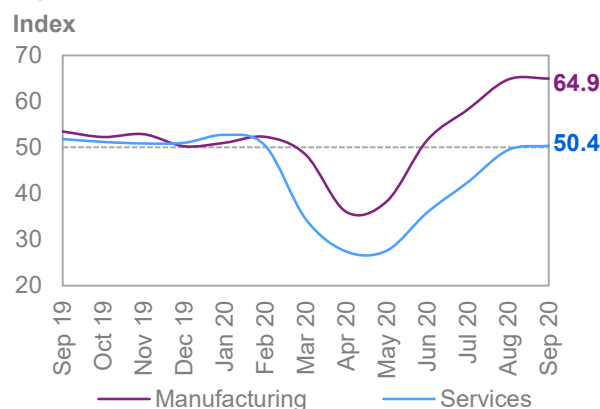
Overall, positive sentiment over the improved labour market situation as well as the investment is driving the near term outlook of Brazilian economy. Yet concerns over the future government support may represent a challenge in case of lower household savings in the 2H20. In the meantime, we revised 2020 GDP forecast to -6.2% from -6.5% in the previous month while we kept 2021GDP forecast at 2.4%.

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



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

Graph 3 - 16: Brazil's PMIs



Sources: IHS Markit and Haver Analytics.

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

	Brazil
2020	-6.2
Change from previous month	0.3
2021	2.4
Change from previous month	0.0

Note: * 2020–2021 = Forecast.

Source: OPEC.

Africa

South Africa

Update on latest developments

In 2Q20, South Africa's economy marked the fourth-consecutive quarterly GDP downturn due to the unprecedented impact of the COVID-19 crisis. The gradual easing of most of the country's COVID

-19 restrictions boosted some business confidence and pushed a sizeable rebound in wholesale and retail trade, supported by the agricultural sector and a continued recovery in international trade following an easing of restrictions in the main trading partners. July industrial output data signaled a bounce back in the sector as manufacturing production fell by 10.6% y-o-y compared to the downwardly revised 15.8% y-o-y decline in June 2020. Moreover, the RMB/BER business confidence index jumped to 24 in 3Q20 following its lowest level of 5 in 2Q20.

On the monetary policy front, the South African Reserve Bank (Sarb) held the benchmark interest rate at 3.5%. The decision was mainly driven by the uncertainty over the Medium-Term Budget Policy Statement which is scheduled to be released in October. The policy rate has been cut by a cumulative 300 bps in 2020. In August 2020, the annual inflation rate in South Africa slightly dropped down to 3.1% from 3.2% in July. The recent rate was closer to the lower band of the central bank targeted inflation band of 3%

Near-term expectations

Towards the end of September following a significant decrease in Covid-19 cases, South Africa moved to a new level of the government strategy to combat COVID-19. The announced strategy mainly targeting easing most of the restrictions on economic activities including reopening the borders to boost external business as well as boost the tourism sector.

On the manufacturing sector outlook, South Africa's Absa Manufacturing PMI increased to 58.3 in September of 2020 from 57.3 in the previous month. Furthermore, South Africa's services sector bounced back during the 2Q20, as the Bureau for Economic Research index measuring confidence in the sector jumped to 17 from 7 in 1Q20. Yet the overall economic outlook remained weak as the economic collapse in Q2 was deep and the recovery is uneven across sectors and consumer confidence still shaky. Furthermore, the fiscal constraints and limited room for monetary stimulus might overcast business conditions and the country's economic recovery.

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

	South Africa
2020	-7.5
Change from previous month	-0.3
2021	3.0
Change from previous month	0.0

Note: * 2020–2021 = Forecast.

Source: OPEC.

Accounting for the recent developments, South Africa's 2020 GDP slightly revised down to -7.5% from -7.2% while 2021 GDP forecast kept unchanged at a growth of 3.0%.

Russia and Central Asia

Russia

Update on the latest developments

After the less severe registered GDP decline in 2Q20, most of the Russian economic activities reflected by the major economic indicators were slightly tempered in August-September, driven by the increased surging of COVID-19 infection cases. On the household side, consumer confidence increased by 22 points 3Q20 following -30 points in 2Q20, Industrial activity fell at a softer rate as the industrial production decreased by 7.2% y-o-y in August compared to a fall of 8% y-o-y in July. The recent reading marked the fifth consecutive monthly decline in the sector. More importantly, Russia recorded the highest jobless rate since March of 2012 as the unemployment surged to 6.4% in August 2020 from 6.3% in July. Moreover, the annual inflation rate became closer to the central bank target of 4%, as it rose to 3.7% in August after 3.6 % in July driven domestic demand recovery following the lockdown easing along with the depreciation of the ruble.

Accounting for a higher-than-expected inflation rate, Russia's Central Bank kept the benchmark interest rate unchanged at 4.25%. Nevertheless, the central bank did not eliminate the option of a further cut for the policy rate in the near future based on the development of COVID-19.

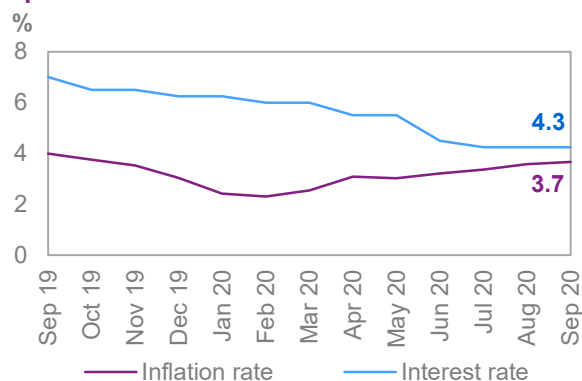
With regard to the external demand outlook, in July 2020 exports dropped by 29.2% y-o-y to \$23.68 billion. Imports fell at a softer rate by 13.2% to \$19.42 billion. As a result, Russia's trade surplus narrowed to \$4.25 billion in July 2020 from \$11.05 billion in July 2019. In 1Q20, Russia's oil exports slumped to \$25,577 million compared to \$30,820 million in 4Q19.

Near-term expectations

The most recently released economic indicators confirmed that Russia's economy is still moving toward further recovery but at a slower pace. However, the recent surging of COVID-19 infection cases have led the authorities in Moscow to re-introduce more restrictions which may lead to a more cautious outlook for the economy. The forward looking PMI's indicators for the month of September have declined reflecting a slower growth rate in both manufacturing and services sector. The IHS Markit Russia Manufacturing PMI declined to 48.9 in September from 51.1 in August driving the sector to a renewed contraction mainly due to the decline in new orders due to the weak client demand. Similarly, Russia Services PMI declined to 53.7 in September 2020 from 58.2 in August.

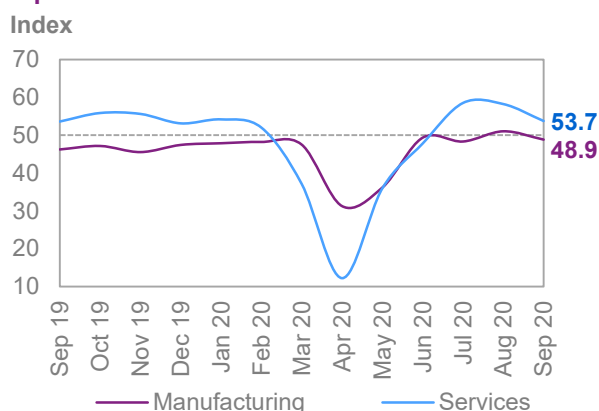
Russia's GDP forecast for 2020 and 2021 kept unchanged from last month at -4.9%, and 2.9%. However there is a downside risk for this forecast accounting for the future development of COVID-19 infections and the policy response to combat it.

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



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

Graph 3 - 18: Russia's PMIs



Sources: IHS Markit and Haver Analytics.

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

	Russia
2020	-4.9
Change from previous month	0.0
2021	2.9
Change from previous month	0.0

Note: * 2020–2021 = Forecast.

Source: OPEC.

OPEC Member Countries

Saudi Arabia

September's PMI data reflects a slightly weak recovery in the non-oil private-sector activity as the IHS Markit Saudi Arabia PMI rose to 50.7 following 48.8 in August recording the first expansion in the sector since February 2020 when COVID-19 pandemic hit the Kingdom. Output as well as new orders recorded marginal growth. Meanwhile, business expectations strengthened to a seven-month, due to hopes an increase in non-oil output over the coming year supported by the governmental fiscal and monetary support measures. In the near term, the pressures of COVID-19 on the labour market may remain the main challenge for the business environment. Nevertheless, the recovery in oil prices along with the policy measures support an economic recovery in 2020.

Nigeria

The Central Bank of Nigeria cut the monetary policy rate for the second time in 2020 by 100 bps to 11.5% during its September 2020 meeting, delivering the lowest borrowing costs since 2016. The recent cut is a part of the policy to continue supporting the economy that plunged 6.1% in the Q2 hit by the global pandemic. Nevertheless, Nigeria's annual inflation rate surged to the highest rate since March 2018 in August 2020, as it rose to 13.22% y-o-y from 12.82 % in July. The central bank stressed the urgent need for a combination of broad-based monetary and fiscal policy measures to curb the rise in inflation and the contraction in output growth. In September, business confidence in Nigeria dropped to -17 points from 4.30 points in the previous month and the Stanbic IBTC Bank Nigeria PMI slumped to 52.5 in September of 2020 from 54.6 in the August. The decline was driven by moderate rate of output expansion and slow growth of new orders. Similarly, the manufacturing PMI fell to 46.9 in September of 2020 from 48.5 in August, recording the 5th straight month of contraction in the sector. Additionally, the Central Bank of Nigeria composite PMI recorded the 6th straight month of contraction in the non-manufacturing sector as it dropped to 41.9 in September of 2020 from 44.7 in August.

The United Arab Emirates (UAE)

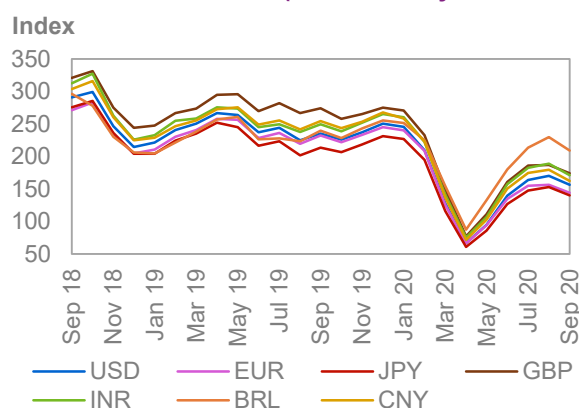
Despite the spread of the COVID-19 and restrictions to prevent a further widespread of a new outbreak, the PMI for the non-oil sector recorded its highest reading since October 2019 as it increased to 51.0 in September 2020 from 49.4 in August. This was driven by the easing of COVID-19 restrictions which fueled the growth of new orders as well as the improvement in the labour market. The central bank, in its recently released forecast, anticipates the non-oil GDP to decline by 4.5% in 2020.

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

The **USD** strengthened against most major currencies in September. It rose by 0.3% m-o-m against the euro, by 0.5% m-o-m against the Swiss franc and by 1.3% m-o-m against the pound sterling. With increasing social distancing measures in Europe, due to rising COVID-19 cases, Central Banks are expected to engage in further monetary policy accommodation. However, the USD declined against the Japanese yen by 0.3% m-o-m, pressured by some safe-haven demand in the September.

The dollar continued on the declining trend of the previous month, dropping by 1.7% and 1.6% against the yuan and the rupee respectively, m-o-m. It advanced against the Russian ruble by 2.6% mainly due to the impact of lower oil prices. The dollar declined by 1.1% against the Brazilian real on better-than-expected economic data during the month. Against the Mexican peso, the dollar declined by 2.4% during the month.

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



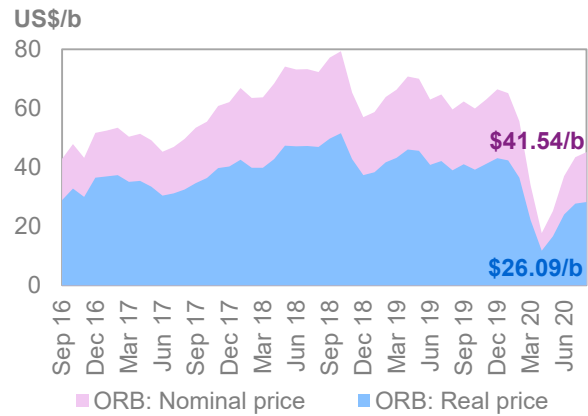
Sources: IMF and OPEC.

In **nominal terms**, the price of the ORB decreased by \$3.65, or 8.1% from \$45.19/b in August to reach \$41.54/b in September.

In **real terms**, after accounting for inflation and currency fluctuations, the ORB increased to \$26.09/b in September from a revised \$28.24/b (base June 2001=100) from the previous month.

Over the same period, the **USD** decreased by 0.3% against the import-weighted modified Geneva I + USD basket, while inflation decreased by 0.2% m-o-m.

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



Source: OPEC.

World Oil Demand

World oil demand is expected to fall by 9.5 mb/d y-o-y in 2020, relatively unchanged compared to last month's MOMR and despite revisions within the regions. The world is projected to consume 90.3 mb/d in the current year.

In the OECD, actual data led to a downward revision of more than 0.06 mb/d for 2020. Despite better-than-expected demand in 1H20 from steady petrochemical feedstock requirements and stocking of heating fuel, the expected recovery in transportation fuel demand over the summer driving season was disappointing, requiring a downward revision to OECD Europe and OECD Americas for 2H20.

In the non-OECD, the 2020 oil demand outlook was revised higher by around 0.05 mb/d compared to last month's projections. Better-than-expected data from China, showing gains in industrial fuel requirements as the economy seems to be on the road to recovery, more than offset some of the losses seen in other regions, which led to the upward revision.

In 2021, the world oil demand forecast was adjusted lower by 0.08 mb/d compared to last month's report. This downward adjustment is due to the slower economic growth projected for both the OECD and non-OECD. Nevertheless, the forecast for oil demand growth stands at around a solid 6.5 mb/d, with global total demand estimated to reach 96.8 mb/d. While the demand forecasts expects growth of 4.6% in global economic activity, risks related to the COVID-19 pandemic and its impact remain a considerable concern.

In terms of products, light distillates (including LPG/NGL/naphtha) and diesel are expected to be supported by improving industrial activity and capacity additions in the petrochemical sector, mainly in China and the US next year. All products are projected to see growth, given the current year's low demand levels. On the other hand, oil demand growth in 2021 is expected to be capped by a number of factors, including the increase in teleworking and distance education; reduced international business and leisure travel; efficiency gains in the transportation sector; oil substitution policies in power generation; and reduced fuel subsidies.

World oil demand in 2020 and 2021

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

	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19	
							Growth	%
World oil demand								
Americas	25.70	24.31	20.01	23.86	24.79	23.25	-2.45	-9.54
of which US	20.86	19.66	16.38	19.62	20.38	19.01	-1.85	-8.86
Europe	14.25	13.35	11.01	12.89	13.23	12.62	-1.63	-11.45
Asia Pacific	7.79	7.75	6.54	6.52	7.33	7.03	-0.76	-9.71
Total OECD	47.75	45.41	37.56	43.27	45.35	42.90	-4.84	-10.14
China	13.30	10.70	12.85	12.97	13.58	12.53	-0.77	-5.79
India	4.84	4.77	3.51	3.55	4.34	4.04	-0.80	-16.53
Other Asia	9.02	8.23	7.79	8.33	8.70	8.26	-0.76	-8.42
Latin America	6.59	6.11	5.61	6.17	6.08	5.99	-0.60	-9.11
Middle East	8.20	7.88	6.91	7.88	7.50	7.54	-0.66	-8.00
Africa	4.45	4.37	3.77	3.97	4.20	4.08	-0.37	-8.32
Eurasia	5.61	5.21	4.58	4.85	5.11	4.94	-0.67	-11.96
of which Russia	3.61	3.44	3.04	3.20	3.24	3.23	-0.38	-10.54
of which Other Eurasia	2.00	1.78	1.54	1.65	1.87	1.71	-0.29	-14.53
Total Non-OECD	52.02	47.27	45.02	47.72	49.51	47.39	-4.63	-8.90
Total World	99.76	92.68	82.58	90.99	94.86	90.29	-9.47	-9.49
Previous Estimate	99.69	92.68	81.66	91.45	95.08	90.23	-9.46	-9.49
Revision	0.07	-0.01	0.92	-0.46	-0.22	0.06	-0.01	0.00

Note: * 2020 = Forecast. 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	%
World oil demand								
Americas	23.25	24.37	25.25	24.89	25.27	24.95	1.70	7.31
of which US	19.01	19.95	20.66	20.29	20.72	20.41	1.39	7.32
Europe	12.62	13.55	14.29	13.64	13.51	13.75	1.13	8.92
Asia Pacific	7.03	7.80	7.38	7.04	7.55	7.44	0.41	5.81
Total OECD	42.90	45.72	46.92	45.57	46.32	46.14	3.24	7.54
China	12.53	12.31	13.87	14.00	14.33	13.63	1.10	8.79
India	4.04	4.89	4.19	4.36	4.99	4.61	0.57	14.02
Other Asia	8.26	8.33	8.96	8.79	8.84	8.73	0.47	5.66
Latin America	5.99	6.21	6.27	6.37	6.31	6.29	0.30	5.00
Middle East	7.54	8.07	7.64	8.19	7.75	7.91	0.37	4.89
Africa	4.08	4.46	3.95	4.17	4.39	4.24	0.17	4.05
Eurasia	4.94	5.43	5.17	5.14	5.35	5.28	0.34	6.85
of which Russia	3.23	3.57	3.37	3.37	3.38	3.42	0.19	6.02
of which Other Eurasia	1.71	1.86	1.81	1.77	1.97	1.85	0.14	8.43
Total Non-OECD	47.39	49.71	50.06	51.03	51.96	50.70	3.31	6.98
Total World	90.29	95.43	96.98	96.60	98.28	96.84	6.54	7.25
Previous Estimate	90.23	95.52	96.14	97.14	98.58	96.86	6.62	7.34
Revision	0.06	-0.09	0.84	-0.54	-0.30	-0.02	-0.08	-0.09

Note: * 2020-2021 = Forecast. Totals may not add up due to independent rounding.

Source: OPEC.

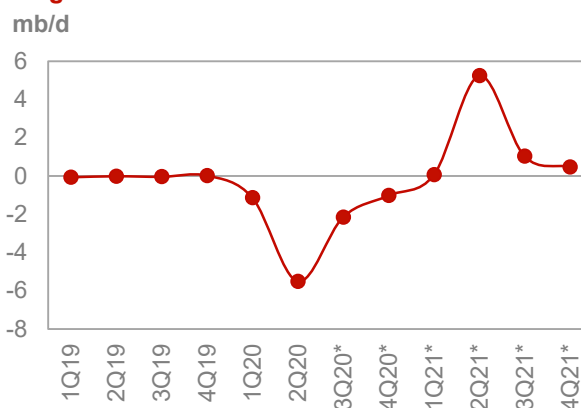
OECD

OECD Americas

Update on the latest developments

In July, oil demand in OECD Americas fell by around 3.4 mb/d y-o-y, compared to a decline of more than 4.4 mb/d in June. Declines in US petroleum product requirements led the overall regional drop with a massive decrease of around 2.4 mb/d y-o-y. After improving from June's declines, transportation fuels show signs of struggling amid increases in teleworking and distance learning, high unemployment and declining miles travelled y-o-y. Oil demand in Canada and Mexico fell by around 1.0 mb/d y-o-y collectively, marginally improving m-o-m.

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



Note: * 3Q20-4Q21 = Forecast. Source: OPEC.

The latest monthly data shows that **US** oil demand fell by approximately 2.4 mb/d in **July 2020** y-o-y, around 0.8 mb/d less than in June and 1.8 mb/d than in May. The July drop was the fourth largest monthly historical decline and the seventh consecutive monthly decline, as COVID-19 continued to affect nearly all sections of the economy. Unlike other main petroleum product categories, demand for lighter hydrocarbons remained in positive territory for another month y-o-y, in particular for LPG/NGLs – feedstock for the petrochemical sector. Diesel demand declined sharply, while gasoline and jet kerosene requirements fell compared to the same period last year. However, economic data continued to improve m-o-m. Industrial activity fell by 8.3% y-o-y in July, showing improvement for the third consecutive month and an upturn compared to the 11.2% y-o-y decline in June. Manufacturing sentiment showed signs of recovery in July, as reported by the Institute for Supply Management (ISM). Manufacturing PMI rose to 54.2 in July from 52.6 in June. However, the services sector index fell to 56.9 in August, after reaching 58.1 in July and 57.1 in June. The unemployment rate, meanwhile, stood at 8.4% compared to 10.2% in July and 11.1% in June. The jobless rate is an important proxy for gasoline demand.

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

By product	Jul 20	Jul 19	Change 2020/19	
			mb/d	%
LPG	2.80	2.70	0.10	3.7
Naphtha	0.20	0.21	-0.01	-3.4
Gasoline	8.46	9.53	-1.08	-11.3
Jet/kerosene	0.97	1.85	-0.88	-47.8
Diesel oil	3.61	3.91	-0.30	-7.7
Fuel oil	0.34	0.34	0.00	-0.3
Other products	2.24	2.49	-0.25	-9.9
Total	18.61	21.03	-2.41	-11.5

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

Sources: EIA and OPEC.

Oil demand in **OECD Americas** fell by around 3.4 mb/d compared to the same period in 2019 and was led by the US, according to data from **January to July**. In terms of petroleum products, transportation fuels have suffered substantially so far in 2020, with gasoline weakening by as much as 1.6 mb/d while jet fuel shed of some 0.8 mb/d compared to the same period in 2019. COVID-19 significantly impaired transportation fuels as economic activity came to a near standstill in 2Q20 and unemployment soared. Additionally, delays in the startup of a number of ethane crackers aggravated the negative impact on demand for light distillates. However, demand for plastics remained somewhat healthy during the lockdowns due to the increase in single use plastics and uptick in the health sector. Light distillates registered a cumulative decline of 0.05 mb/d compared to the same period in 2019. Diesel demand was down by 0.5 mb/d compared to 2019 despite higher demand for heating fuel. Diesel was affected by generally slower industrial activity, particularly in the US, where industrial activity fell by 14.4% in 2Q20 as reported by Federal Reserve Board.

In Mexico, y-t-d oil demand was down by almost 0.4 mb/d y-o-y, with gasoline, jet/kerosene and diesel accounting for the bulk of the decline.

Canadian oil demand shrank during the first seven months by approximately 0.5 mb/d, largely due to weak gasoline and jet kerosene requirements.

Near-term expectations

The COVID-19 pandemic is the fundamental underlying factor for the 2020 and 2021 oil demand outlook in OECD Americas, particularly in the transportation and industrial sectors. Better-than-expected oil demand were observed in **2Q20**, allowing for some upward revisions. Yet the continuing increase in COVID-19 infections in the US poses risks for short-term growth potential. However, given that any new lockdowns would most likely be localized, mobility could improve.

For **2021**, oil demand estimates in OECD Americas are based on the assumption that COVID-19 will be contained and that, so far, no major economic downturn is foreseen for next year. As such, oil demand is projected to increase sharply in 2021 from the current year's low levels. Industrial fuel is expected to bounce back to levels seen in 2019. On the other hand, transportation fuels and jet fuel in particular will remain below the 2019 levels.

OECD Europe

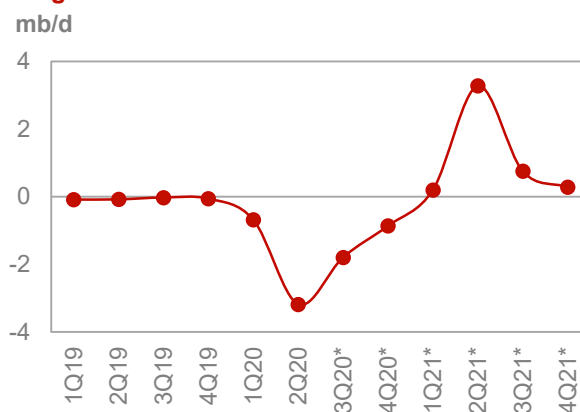
Update on the latest developments

Oil demand in OECD Europe declined by 2.3 mb/d y-o-y in July compared to the 2.2 mb/d drop in June. Oil demand fell for the seventh consecutive month, signifying the struggle many European economies are facing. Oil demand was sluggish in all countries of the region, including the main oil consumers Germany, France, the UK and Italy. Jet fuel declined by more than 1.0 mb/d y-o-y. Road diesel also declined m-o-m despite the summer driving season. However, gasoline showed marginal improvements when compared to June data, but remained down y-o-y. Heating fuels continued to show growth as inventory restocking, aided by low retail prices, drove demand higher.

European oil demand fell by 1.9 mb/d y-t-d, with losses originating mainly in transportation fuel. Demand for petroleum products declined sharply in the region and in the four main consuming countries. Oil demand in Germany, the UK and France shrunk by around 0.3 mb/d each and in Italy by approximately 0.2 mb/d compared to the same period in 2019. Oil demand losses were attributed to weaker consumption of jet fuel, road diesel and gasoline, and light distillates. COVID-19 containment measures contributed to declining oil consumption across the region with significant variations between countries.

Industrial production, despite recent marginal improvements, remains sharply in the negative in all four major economies, exacerbating the negative impact on diesel demand. Some surprising support emerged from increased heating fuel requirements for winter stocking largely due to cheaper retail prices as compared to last year.

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



Note: * 3Q20-4Q21 = Forecast. Source: OPEC.

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

By product	Jul 20	Jul 19	Change 2020/19	
			mb/d	%
LPG	0.38	0.46	-0.08	-17.5
Naphtha	0.50	0.54	-0.04	-7.6
Gasoline	1.14	1.21	-0.07	-5.9
Jet/kerosene	0.28	0.89	-0.62	-68.9
Diesel oil	3.19	3.44	-0.25	-7.2
Fuel oil	0.17	0.22	-0.06	-25.2
Other products	0.47	0.73	-0.26	-35.1
Total	6.12	7.49	-1.37	-18.3

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 Secretariat.

Near-term expectations

The outlook for the region's oil demand in **2020** was adjusted lower following four consecutive months of higher revisions. The latest revisions took into consideration the newest data, particularly for 3Q20. Loosening COVID-19 measures implied positive developments for oil use in the road transportation and industrial sectors in July and August. Despite these partly positive developments, low leisure and travel activity in 3Q20 weighed on demand in the region. In addition, the rise in COVID-19 cases in several countries carries additional risks to the downside, mainly relating to 4Q20.

In **2021**, oil demand is projected to grow, though conditioned on COVID-19-related developments. The encouraging economic outlook for OECD Europe will support oil demand following the low levels projected this year. Conversely, a rise in COVID-19 cases could elevate uncertainties, while debt-related issues and Brexit also pose obstacles for growth. Programmes related to fuel efficiency and substitution are also projected to limit oil demand.

OECD Asia Pacific

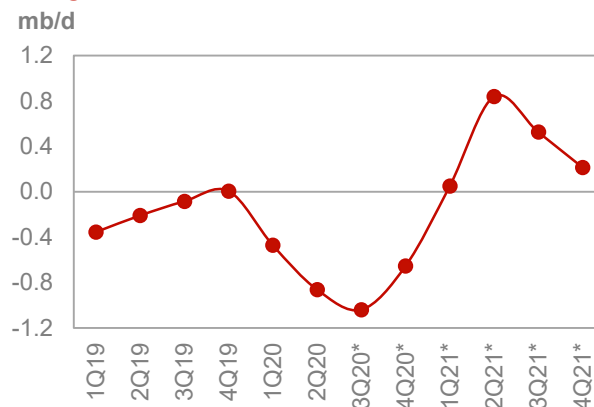
Update on the latest developments

Oil demand in the **OECD Asia-Pacific** region fell by around 0.8 mb/d y-o-y in **July**, similar to levels of the previous three months. Looking at the product mix, transportation fuels, along with light distillates such as naphtha and LPG, experienced weaker y-o-y demand compared to June. This is in line with softer petrochemical margins and slower industrial activity compared to July 2019. Japan led with a July decline of more than 0.3 mb/d y-o-y, while South Korea, Australia and New Zealand experienced declines of around 0.5 mb/d y-o-y collectively.

Preliminary **August** oil demand data from the **Japanese** Ministry of Economy, Trade and Industry (METI) indicate that oil demand fell by approximately 0.3 mb/d, extending the declining trend by another month.

Between **January and July 2020**, oil demand fell by approximately 0.8 mb/d in the whole of the OECD Asia Pacific. Similar to other OECD and non-OECD regions, the negative impact resulted from slowing economic momentum due to COVID-19. Japanese oil demand fell by an average of 0.5 mb/d, or 13.0% compared to the same period in 2019. South Korea's oil demand fell by 0.1 mb/d during the same period, with major losses for naphtha, jet kerosene and diesel. In Australia, demand fell by more than 0.1 mb/d y-t-d, with gasoline and jet kerosene accounting for the bulk of the losses.

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



Note: * 3Q20-4Q21 = Forecast. Source: OPEC.

Table 4 - 5: Japan's domestic sales, mb/d

By product			Change 2020/19	
	Aug 20	Aug 19	mb/d	%
LPG	0.25	0.26	-0.01	-3.1
Naphtha	0.69	0.74	-0.04	-5.8
Gasoline	0.89	0.97	-0.09	-8.9
Jet/kerosene	0.30	0.33	-0.02	-7.2
Diesel oil	0.66	0.72	-0.06	-8.2
Fuel oil	0.17	0.22	-0.04	-20.0
Other products	0.24	0.31	-0.07	-22.6
Total	3.21	3.54	-0.33	-9.4

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

Sources: JODI, METI and OPEC.

Near-term expectations

In **2020**, oil demand faced a number of challenges, particularly in Japan. Despite recent fiscal and monetary stimulus measures by the Japanese government, demand is expected to continue declining y-o-y for the remainder of 2020. Export levels are also projected to be limited in light of slower global trade compared to recent years. Furthermore, potential localized lockdown measures may hinder an oil demand recovery. The current 2020 oil demand estimates for the OECD Asia Pacific take into account these factors and could further impact oil demand going forward.

For **2021**, oil demand in the OECD Asia Pacific is estimated to return to growth for the first time since 2017. Japanese oil demand is expected to account for the bulk of this increases mainly due to the low baseline in 2020. South Korea and Australia are also expected to post gains next year. The petrochemical industry and positive economic momentum will help propel next year's improvement.

Non-OECD

China

Update on the latest developments

Signs of improving oil demand across all products, with exception to jet fuel, are reflected in the data for **August**.

August data suggests growth of around 0.4 mb/d compared to August 2019. Despite marginally declining m-o-m volume, growth remains above 3%, which was better than expected. Industrial fuels led by diesel and fuel oil each grew more than 0.1 mb/d y-o-y. Manufacturing PMI, as reported by the China Federation of Logistics and Purchasing/CNBS/Haver analytics, remained in expansion territory in August, increasing to 51 points, while current readings for September highlight further gains to 51.5. Gasoline demand rose for the second consecutive month, rising by around 0.1 mb/d y-o-y as traffic data steadily normalized to pre-crisis levels and despite a marginal drop in passenger vehicle sales. Vehicle sales fell by 0.5% y-o-y in August after three months of consecutive increases, according to the China Passenger Car Association. Jet fuel declined due to the decrease in international flights and despite improvements in domestic air travel.

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

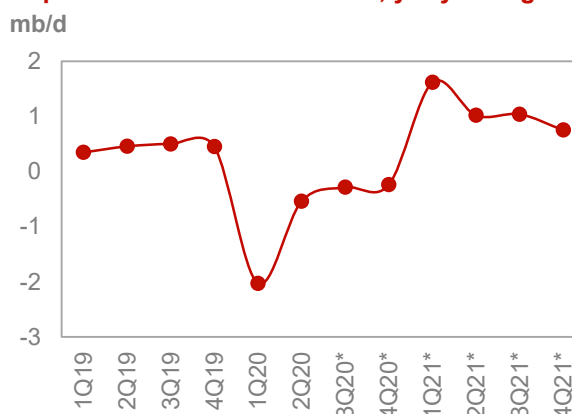


Table 4 - 6: China's oil demand*, mb/d

By product	Aug 20	Aug 19	Change 2020/19	
			mb/d	%
LPG	1.93	1.86	0.07	4.0
Naphtha	1.85	1.69	0.16	9.3
Gasoline	2.90	2.83	0.07	2.4
Jet/kerosene	0.82	0.97	-0.15	-15.1
Diesel oil	3.21	3.06	0.15	5.0
Fuel oil	0.47	0.36	0.10	27.9
Other products	1.66	1.67	-0.01	-0.6
Total	12.83	12.43	0.40	3.2

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

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

China so far appears to be the only country globally moving steadily on the path to recovery based on gradually improving economic indicators, particularly in industrial production, which are rising from month to month. Oil demand is projected to be in line with these positive development and trends.

Looking at data from **January to August**, oil demand appeared to have declined by 0.8 mb/d compared to the same period in 2019. Most of this decline was registered in 1Q20 during the onset of COVID-19, which eliminated substantial volumes of petroleum product demand in the country. 1Q20 data shows a drop of more than 2.0 mb/d compared to the same period in 2019. However, improvements in oil requirements were observed thereafter with 2Q20 data showing notable improvement while 3Q20 data shows gains as compared to the same period in 2019. In terms of products, weaknesses were seen in transportation fuel, particularly jet fuel, which declined substantially by around 0.4 mb/d so far in 2020 compared to the same period in 2019. Gasoline was also affected by the economic slowdown in 1Q20, falling by 0.3 mb/d compared to 2019. COVID-19 containment measures, particularly those that restricted mobility, affected transportation fuel demand in 1Q20 in particular. Diesel fell by around 0.09 mb/d y-t-d compared to the same period last year. However, the recent positive developments in industrial activity are supporting stronger demand for fuel in this sector. Light distillates outperformed initial expectations and recorded gains y-t-d, particularly for naphtha, which posted gains of around 0.1 mb/d compared to the same period in 2019. LPG demand fell slightly and is projected to flip to growth.

Near-term expectations

For the rest of **2020**, the economic outlook continues to show positive developments in China for the remainder of 2020 and 2021. This is in line with successful COVID-19 containment measures and the encouraging outcome of fiscal and monetary stimulus programmes. The positive development in industrial fuel demand is a good sign for oil demand growth going forward. The present outlook assumes the recovery in oil demand will continue for rest of the year and the scale of the recovery seems to be robust and could provide rare upside potential for 2020 oil demand growth/decline. LPG and naphtha have been performing better than initial expectations and will be key drivers to monitor going forward.

In **2021**, economic activity is expected to improve compared to the current year, with GDP rising by 6.9%, which would provide solid support to oil demand in 2021. Following the historic drop in the current year, oil demand is assumed to recover completely in 2021 with transportation fuels taking the lead. Jet fuel is expected to recover more slowly next year and will not reach 2019 levels due restriction in international travel.

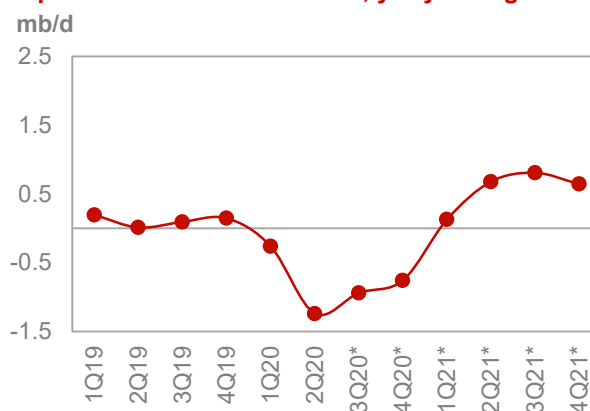
India

Update on the latest developments

Indian oil demand growth decreased in **August** by more than 0.7 mb/d y-o-y, and 0.2 mb/d m-o-m, marking the sixth consecutive monthly decline. The rise in COVID-19 infections forced the government to keep restrictions in place, including limitations on domestic and international air travel. Looking at the product mix, demand was influenced by a steep drop in diesel and other transportation fuel requirements. Diesel dropped by 0.3 mb/d y-o-y, similar to the monthly decline registered in July.

Heavy seasonal monsoons also limited demand for diesel, with August rainfall 27% higher than the five-year average. Furthermore, activities in road construction remained fragile and this affected bitumen demand. Gasoline and jet/kerosene demand fell largely due to mobility restrictions. Gasoline dropped by 0.05 mb/d, or by 8% y-o-y, while jet/kerosene shed more than 0.1 mb/d, equating to 43% y-o-y. Both products posted marginal m-o-m variations.

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



Note: * 3Q20-4Q21 = Forecast. Source: OPEC.

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

By product	Aug 20	Aug 19	Change 2020/19	
			mb/d	%
LPG	0.82	0.87	-0.05	-5.5
Naphtha	0.21	0.31	-0.10	-31.5
Gasoline	0.65	0.70	-0.05	-7.5
Jet/kerosene	0.16	0.28	-0.12	-42.8
Diesel oil	1.31	1.61	-0.30	-18.4
Fuel oil	0.24	0.23	0.00	1.9
Other products	0.52	0.61	-0.09	-15.1
Total	3.91	4.61	-0.70	-15.2

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

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

Near-term expectations

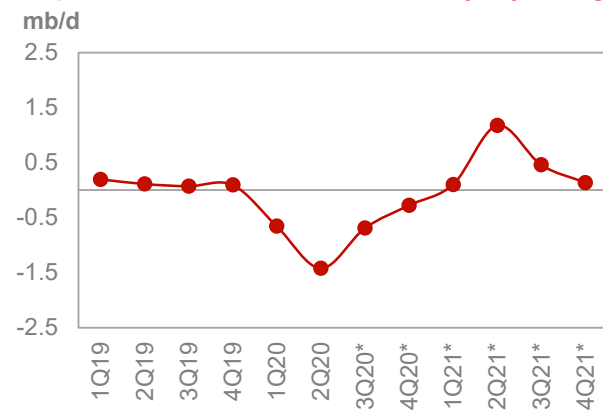
In **2020**, demand is projected to show signs of improvement but remain steeply impaired going forward, in line with the high downside risks and uncertainty in the economic outlook. India's economy appears to be struggling and further downward revision to its GDP growth is likely going forward. The transportation and industrial sectors are expected to show some improvement going forward, but that will be highly dependent on whether COVID-19 is contained.

In **2021**, in light of an expected improvement economic outlook and the subsequent improvement in various sectors, primarily transportation and industrial sectors, oil demand is projected to show solid growth next year. This oil demand estimation considers the baseline impact of the current year's decline, as well as stimulus measures undertaken by the government to encourage private consumption and investment. For example, the recent announcement by Prime Minister Narendra Modi to provide stimulus funding to various sectors of the economy including infrastructure projects.

Update on the latest developments in Other Asia

Monthly data for **July** shows a decline of 1.4 mb/d y-o-y, 0.1 mb/d lower than June, as transportation fuel demand lagged in Indonesia, Malaysia and the Philippines. Indonesia led with a decline of 0.3 mb/d y-o-y followed by Malaysia with a drop of around 0.1 mb/d y-o-y. Industrial fuel performed poorly in line with slower sectoral activity in many economies in Other Asia. For example, motor vehicle production in Indonesia fell by as much as 79.6% y-o-y in July, worse than the 74.4% in June but improving from the 97.6% y-o-y drop in May, according to GKND and Haver Analytics. This has affected demand for diesel and fuel oil.

Graph 4 - 6: Other Asia's oil demand, y-o-y change



Note: * 3Q20-4Q21 = Forecast. Source: OPEC.

In Other Asia, **January to July** data indicates a significant drop in oil demand, led by steep decline in transportation fuel across the region while India declined the most. Data shows oil demand declined by 1.4 mb/d compared to the same period in 2019 in Other Asia, with weakness across the countries affecting all petroleum products. The consequences of lockdowns and limitations on mobility impaired oil products consumption with transportation fuels affected the most. Gasoline dropped by 0.2 mb/d or around 8% y-o-y while destruction in jet fuel demand was much more profound and expected to last longer. Jet fuel has dropped by 0.5 mb/d or around 48% compared to the same period in 2019 and is not anticipated to show progress until after 2021. Diesel was down by more than 0.4 mb/d, or by 12%, compared to the same period in 2019. Weakness in trucking activities, construction and agriculture on the back of slower overall economic momentum significantly impaired demand for diesel. Light distillates, LPG and naphtha also faced pressure in light of slower industrial activity. Oil demand has experience historic declines in 2020 and uncertainties going forward remain high.

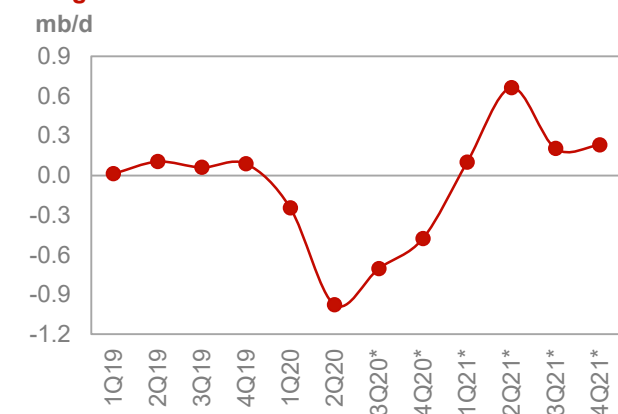
Latin America

Update on the latest developments

In **July**, oil demand continued to decline, recording a similar drop as in June when oil demand fell by around 0.5 mb/d y-o-y, almost flat m-o-m. Demand in Brazil and Argentina fell by around 0.2 mb/d and 0.1 mb/d y-o-y, respectively.

In **August**, oil demand decreased by more than 0.2 mb/d y-o-y in Brazil, lower by 0.03 mb/d m-o-m and total consumption was pegged at 2.6 mb/d. Transportation fuels struggled amid COVID-19 restrictions. Jet fuel, gasoline and ethanol have all remained sharply in negative territory and represented most of the declines in August. Transportation fuels registered a cumulative decline of 0.2 mb/d y-o-y. Vehicle registrations also declined, falling by 24.4% y-o-y in August, a slight improvement from the 28.2% y-o-y drop recorded in July, according to the Associao Nacional dos Fabricante de Veculos Automoto. Diesel flipped back to negative after two months of slightly positive gains, despite improving manufacturing sentiment. The manufacturing PMI rose to 64.7 in August from 58.2 in June.

Graph 4 - 7: Latin America's oil demand, y-o-y change



Note: * 2Q20-4Q20 = Forecast. Source: OPEC.

The impact of COVID-19 on Latin America's economy was reflected in oil demand data so far in 2020. Oil demand declined by around 0.5 mb/d from January to July 2020 compared to the same period in 2019.

Gasoline demand suffered the most during this period, falling around 0.2 mb/d, or 16% compared to the same period in 2019. Additionally, the other products category, which includes ethanol, was also sharply lower during the same period. Miles travelled during lockdowns was noticeable across many economies, particularly in

Brazil and Argentina. This was compounded by deterioration in vehicle sales data and major challenges facing the region's economy.

The latter has affected demand for industrial fuel as diesel requirements dropped by around 0.1 mb/d, or 6%, while fuel oil fell by around 0.02 mb/d or 10% compared to the same period in 2019. Jet fuel demand was down by around 0.1 mb/d, equating to more than 50% when compared to the same period in 2019.

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

By product	Aug 20	Aug 19	Change 2020/19	
			mb/d	%
LPG	0.24	0.24	0.00	1.3
Naphtha	0.14	0.15	-0.01	-4.8
Gasoline	0.60	0.66	-0.07	-10.0
Jet/kerosene	0.04	0.12	-0.08	-66.0
Diesel oil	1.05	1.07	-0.02	-2.3
Fuel oil	0.07	0.07	0.00	-2.5
Other products	0.44	0.50	-0.06	-12.3
Total	2.58	2.81	-0.23	-8.3

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 the remainder of **2020**, the picture did not change from last month's projections and oil demand is expected to be under pressure going forward, driven by rising COVID-19 infections in Brazil, Peru and Colombia and the risk of further lockdowns and the uncertain economic outlook, particularly in Brazil. As a result, gasoline, ethanol and jet fuel will face difficulties in returning to growth during 4Q20. Diesel and fuel oil consumption are projected to show signs of improvement, but remain in the negative zone as well.

In **2021**, oil demand is expected to post solid gains from the low base of comparison in 2020 as economies begin to recover. Brazil is projected to provide strong support to oil demand recovery in 2021, as transportation fuel demand are expected to pick up pace. From a products point of view, diesel and transportation fuels are projected to lead in 2021. Nonetheless, uncertainties remain and growth prospects remain tilted to the downside against the backdrop of COVID-19, coupled with economic hurdles such as high unemployment and currency challenges.

Middle East

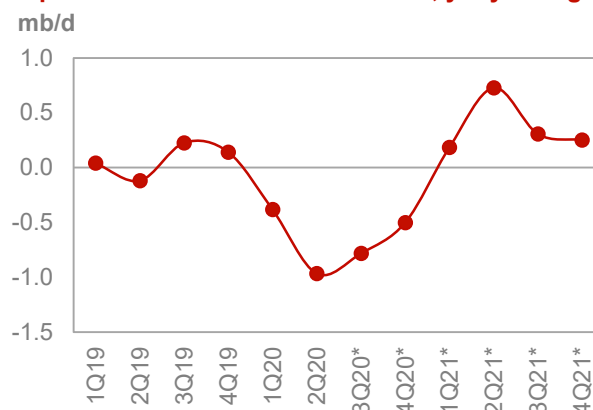
Update on the latest developments

In **July**, oil demand in the Middle East declined by 0.7 mb/d y-o-y, 0.1 mb/d higher m-o-m. Weaknesses appeared mostly in Saudi Arabia and Iraq as oil demand both countries dropped by around 0.2 mb/d y-o-y. Diesel, jet fuel and gasoline led the declines, dropping by around 0.2 mb/d each y-o-y. Slower economic activity, particularly in infrastructure projects, affected diesel consumption. Jet fuel fell in line with the grounding of both domestic and international flights. Gasoline demand was lower y-o-y amid continued restrictions on mobility due to large increases in COVID-19 cases.

City lockdowns, mobility restrictions, social distancing policies, teleworking and distance education have all contributed negatively to oil demand performance globally in 2020 and the Middle East was no exception.

Data from **January to July** shows a decline of 0.7 mb/d compared to the same period in 2019 with gasoline and jet fuel being damaged the most. On the other hand, direct crude burning in power generation was slightly in positive territory. Rising air-conditioning utilization during the summer coupled with required lockdown measures contributed positively to this increase in Saudi Arabia, Iraq and Kuwait.

Graph 4 - 8: Middle East's oil demand, y-o-y change



Note: * 3Q20-4Q21 = Forecast. Source: OPEC.

Table 4 - 9: Middle East oil demand, mb/d

By product	Jan-Jul 2020	Jan-Jul 2019	Change 2020/19	
			mb/d	%
LPG	1.70	1.71	-0.01	-0.5
Naphtha	0.19	0.20	-0.01	-6.4
Gasoline	1.42	1.69	-0.26	-15.5
Jet/kerosene	0.34	0.53	-0.19	-35.4
Diesel oil	1.86	1.96	-0.10	-5.2
Fuel oil	1.39	1.49	-0.10	-6.8
Other products	0.67	0.66	0.01	1.1
Total	7.56	8.23	-0.67	-8.1

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

Sources: JODI and OPEC.

Near-term expectations

For the rest of **2020**, oil demand is estimated to remain falling for the rest of the current year, despite projected improvement in the scale of the drop. Estimated ease in restriction measures are currently taking into account in the current projections providing some support to transportation fuel demand, however, risks of resurgence of COVID-19 cases is still high which might slow the speed of the recovery. In Saudi Arabia, the recent development in infrastructure projects coupled with uptick in power generation requirements should provide some support to industrial fuel demand. However, industrial production dropped by 22.40% y-o-y in June 2020 compared with June 2019. In the meantime, the manufacturing PMI dropped to 48.8 in August from 50 in July, representing a dip in business conditions, after an uptick in July was affected partially through a rise in value-added tax (VAT) amid COVID-19 measures. On the other hand, transportation fuels are estimated to continue to recovery in the country as restriction measures are continually beginning eased including positive development in the air travel.

In **2021**, as real GDP is projected to recover completely from a downturn seen in 2020 in addition with the historically low base line of the current year, oil demand is projected to improve next year as compared to 2020. In terms of products, middle distillates are projected to return to solid growth.

World Oil Supply

The non-OPEC liquids production forecast for 2020 was revised up by 0.31 mb/d from the previous month's assessment, mainly in the US. This is due to a higher-than-expected recovery in US liquids production in July by 0.8 mb/d m-o-m, following m-o-m growth of 1.0 mb/d in June. Non-OPEC liquids supply is now estimated to contract by 2.4 mb/d y-o-y, to average 62.8 mb/d. Non-OPEC supply in 2Q20 declined by 5.7 mb/d q-o-q in the wake of the COVID-19 pandemic, while total world demand dropped drastically by 10.1 mb/d. While a slower recovery in US crude oil production as a main driver for the non-OPEC supply is forecast, however production of NGLs has been higher than expected. The US oil rig count rose by 4 to 193 in the week ended 9 October, a third straight week of increases. In the meantime, hurricanes had an impact on production in the US Gulf of Mexico (GoM). Non-OPEC liquids supply is forecast to gradually recover in 3Q20 and 4Q20 by 0.7 mb/d and 0.8 mb/d q-o-q, respectively. Oil supply in 2020 is forecast to decline mainly in Russia, US, Canada, Kazakhstan, Colombia, Malaysia, and Azerbaijan, and is projected to grow in Norway, Brazil, China, Guyana and Australia.

The non-OPEC liquids production forecast for 2021 was adjusted down by 0.11 mb/d, mainly in the US, to grow by 0.9 mb/d, and average 63.68 mb/d (including a recovery of 0.13 mb/d in processing gains). Downside pressure remains due to rising COVID-19 infections across the world, particularly in Europe. The main drivers for supply growth are expected to be the US with 0.3 mb/d, Canada with 0.2 mb/d, Brazil and Norway, whereby the majority of this growth represents a recovery of production from 2020, rather than new projects.

OPEC NGLs and non-conventional liquids production in 2020 is estimated to decline by 0.1 mb/d y-o-y, and forecast to grow by 0.1 mb/d y-o-y, to average 5.2 mb/d in 2021.

OPEC-13 crude oil production in September was down by 0.05 mb/d m-o-m to average 24.11 mb/d, according to secondary sources. Preliminary non-OPEC liquids output in September, including OPEC NGLs, is estimated to have decreased by minor 0.01 mb/d m-o-m to average 66.60 mb/d, lower by 3.75 mb/d y-o-y. As a result, preliminary data indicates that global oil supply decreased in September by 0.06 mb/d m-o-m to average 90.71 mb/d, down by 7.83 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	24.77	-1.01	25.27	0.50
<i>of which US</i>	17.77	-0.65	18.06	0.29
Europe	3.96	0.25	4.09	0.13
Asia Pacific	0.56	0.03	0.57	0.02
Total OECD	29.28	-0.72	29.93	0.64
China	4.12	0.07	4.10	-0.03
India	0.80	-0.03	0.83	0.03
Other Asia	2.52	-0.19	2.51	-0.01
Latin America	6.19	0.13	6.44	0.25
Middle East	3.13	-0.06	3.13	-0.01
Africa	1.45	-0.08	1.37	-0.08
Eurasia	13.22	-1.29	13.18	-0.04
<i>of which Russia</i>	10.35	-1.09	10.36	0.01
<i>of which other Eurasia</i>	0.45	-0.01	0.43	-0.02
Total Non-OECD	31.44	-1.46	31.55	0.11
Total Non-OPEC production	60.72	-2.18	61.48	0.76
Processing gains	2.07	-0.19	2.20	0.13
Total Non-OPEC liquids production	62.79	-2.37	63.68	0.89

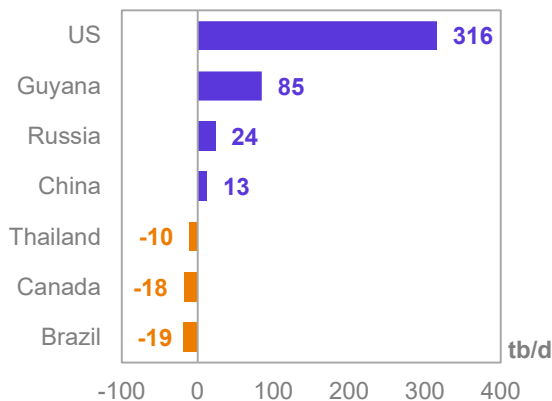
Note: * 2020-2021 = Forecast.

Source: OPEC.

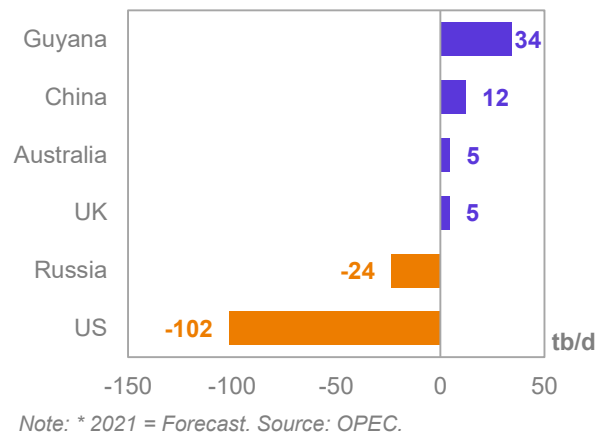
Main monthly revisions

Non-OPEC liquids supply growth in **2020** was revised up by 309 tb/d m-o-m and is now forecast to contract by 2.37 mb/d (including processing gains), to average 62.79 mb/d. This was mainly due to upward revisions in the production forecasts of the US (316 tb/d), Russia, China and Mexico, which were partially offset by minor downward adjustments in Canada, Brazil and Thailand.

Graph 5 - 1: Revisions to annual supply growth forecast in 2020*, Oct MOMR/Sept MOMR



Graph 5 - 2: Revisions to annual supply growth forecast in 2021*, Oct MOMR/Sept MOMR

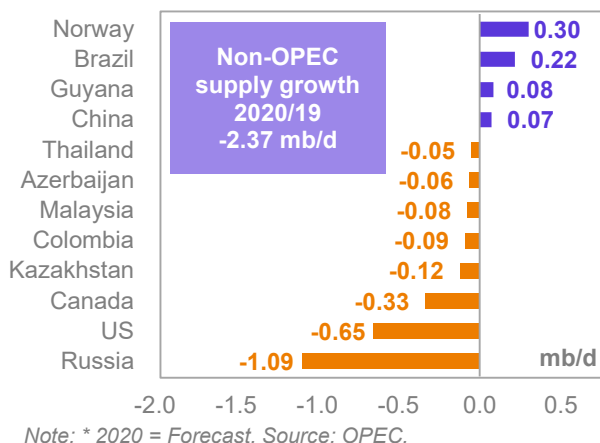


Conversely, **non-OPEC liquids supply** growth in **2021** was revised down by 107 tb/d m-o-m and is now forecast to see growth of 0.89 mb/d (including processing gains), to average 63.67 mb/d. The liquids supply forecast for the US and Russia was revised down by 102 tb/d and 24 tb/d, respectively while the supply forecast for China was revised up by 12 tb/d.

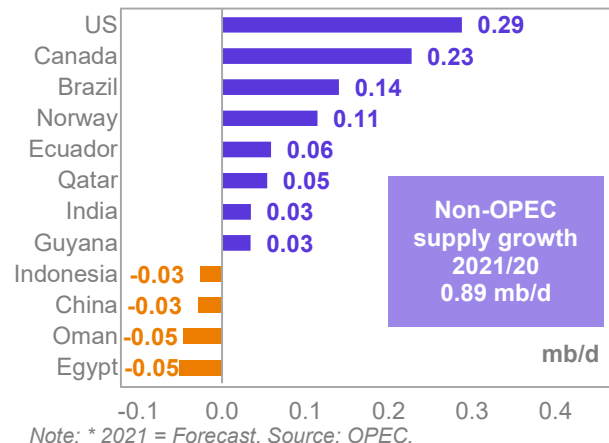
Key drivers of growth and decline

The countries showing the largest non-OPEC liquids supply declines in **2020** are expected to be Russia, the US, Canada, Kazakhstan, Colombia, Malaysia, Azerbaijan and Oman, while increases in oil production growth are forecast mainly in Norway, Brazil, Guyana and China (**Graph 5 - 3**).

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



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



For **2021**, the key drivers for non-OPEC supply growth are forecast to be the US, Canada, Brazil, Norway, Ecuador, Qatar, Guyana, India and Russia, while oil production mainly in Egypt, Oman, China, Indonesia and Mexico is forecast to decline (**Graph 5 - 4**).

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	%
Americas	25.77	26.59	23.56	24.27	24.65	24.77	-1.01	-3.90
of which US	18.43	19.05	16.81	17.49	17.75	17.77	-0.65	-3.55
Europe	3.71	4.03	3.87	3.88	4.05	3.96	0.25	6.78
Asia Pacific	0.52	0.53	0.54	0.54	0.62	0.56	0.03	6.07
Total OECD	30.00	31.16	27.97	28.69	29.32	29.28	-0.72	-2.41
China	4.05	4.15	4.16	4.16	4.03	4.12	0.07	1.81
India	0.83	0.80	0.77	0.77	0.85	0.80	-0.03	-3.40
Other Asia	2.71	2.64	2.47	2.49	2.48	2.52	-0.19	-7.08
Latin America	6.06	6.36	5.83	6.15	6.42	6.19	0.13	2.13
Middle East	3.20	3.19	3.18	3.11	3.05	3.13	-0.06	-2.03
Africa	1.53	1.49	1.48	1.43	1.40	1.45	-0.08	-5.21
Eurasia	14.52	14.65	13.11	12.56	12.57	13.22	-1.29	-8.92
of which Russia	11.44	11.51	10.21	9.83	9.85	10.35	-1.09	-9.57
of which other Eurasia	0.47	0.46	0.46	0.45	0.44	0.45	-0.01	-2.76
Total Non-OECD	32.89	33.27	31.00	30.67	30.81	31.44	-1.46	-4.43
Total Non-OPEC production	62.90	64.43	58.97	59.36	60.13	60.72	-2.18	-3.46
Processing gains	2.26	2.15	1.85	2.15	2.15	2.07	-0.19	-8.47
Total Non-OPEC liquids production	65.16	66.57	60.83	61.50	62.27	62.79	-2.37	-3.64
Previous estimate	65.15	66.59	60.79	60.95	61.60	62.47	-2.68	-4.11
Revision	0.01	-0.01	0.04	0.56	0.68	0.32	0.31	0.48

Note: * 2020 = Forecast. 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	%
Americas	24.77	24.58	24.75	25.44	26.27	25.27	0.50	2.01
of which US	17.77	17.51	17.84	18.12	18.75	18.06	0.29	1.62
Europe	3.96	4.08	3.98	4.01	4.28	4.09	0.13	3.23
Asia Pacific	0.56	0.57	0.56	0.59	0.58	0.57	0.02	3.04
Total OECD	29.28	29.23	29.29	30.04	31.12	29.93	0.64	2.20
China	4.12	4.06	4.06	4.09	4.17	4.10	-0.03	-0.70
India	0.80	0.82	0.80	0.85	0.85	0.83	0.03	4.33
Other Asia	2.52	2.52	2.51	2.51	2.50	2.51	-0.01	-0.38
Latin America	6.19	6.44	6.40	6.35	6.58	6.44	0.25	4.07
Middle East	3.13	3.11	3.12	3.13	3.14	3.13	-0.01	-0.23
Africa	1.45	1.39	1.38	1.36	1.34	1.37	-0.08	-5.76
Eurasia	13.22	13.19	13.18	13.18	13.17	13.18	-0.04	-0.32
of which Russia	10.35	10.36	10.36	10.36	10.36	10.36	0.01	0.09
of which other Eurasia	0.45	0.44	0.43	0.43	0.42	0.43	-0.02	-5.26
Total Non-OECD	31.44	31.53	31.44	31.47	31.76	31.55	0.11	0.36
Total Non-OPEC production	60.72	60.76	60.73	61.51	62.88	61.48	0.76	1.25
Processing gains	2.07	2.20	2.20	2.20	2.20	2.20	0.13	6.17
Total Non-OPEC liquids production	62.79	62.96	62.93	63.71	65.08	63.68	0.89	1.41
Previous estimate	62.47	62.69	62.79	63.47	64.89	63.47	0.99	1.59
Revision	0.32	0.26	0.14	0.24	0.18	0.21	-0.11	-0.18

Note: * 2020-2021 = Forecast. Totals may not add up due to independent rounding.

Source: OPEC.

OECD

OECD liquids production in 2020 is forecast to decline by 0.72 mb/d y-o-y to average 29.28 mb/d, revised up by 305 tb/d m-o-m. This is due to an upward revision of 307 tb/d in the production forecast for OECD Americas, which is now projected to decline by 1.01 mb/d to average 24.77 mb/d. Oil supply in OECD Europe is forecast to grow by 0.25 mb/d, with average supply at 3.96 mb/d, and OECD Asia Pacific is expected to grow by 0.03 mb/d, to average 0.56 mb/d.

For **2021**, OECD liquids production was adjusted down by 212 tb/d, and is now expected to grow by 0.64 mb/d, representing an average of 29.93 mb/d on an annual basis. OECD Americas is expected to grow by 0.50 mb/d to average 25.27 mb/d, while oil production in OECD Europe and OECD Asia Pacific is anticipated to grow by 0.13 mb/d and 0.02 mb/d y-o-y to average 4.09 mb/d and 0.57 mb/d, respectively.

OECD Americas

US

US liquids production in July 2020 was higher by 0.76 mb/d m-o-m to average 17.61 mb/d as the EIA reported another significant recovery, following the remarkable recovery of 1.03 mb/d in June. However, US supply was still down by 0.21 mb/d, compared to a year earlier.

Crude oil and condensate production in July, increased by 538 tb/d, m-o-m, to average 10.98 mb/d, 0.83 mb/d lower than a year ago. NGLs output showed an increase of 0.17 mb/d in July m-o-m, to average 5.4 mb/d, a new historical record, higher than pre-COVID levels.

Non-conventional liquids, particularly ethanol, increased by 0.16 mb/d in June m-o-m, to average 1.21 mb/d, according to official data, and preliminary data for July indicates a rise by 51 tb/d to average 1.26 mb/d.

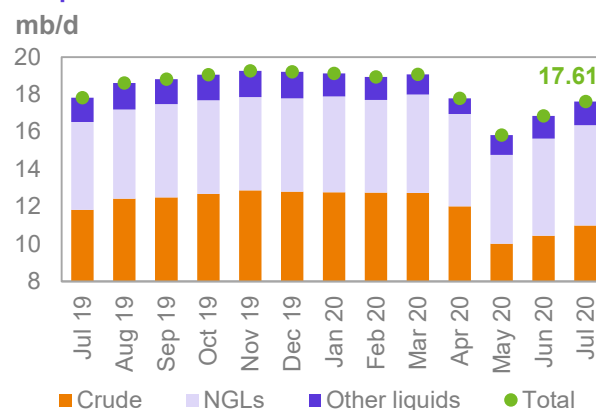
Following the revision to US liquids production data for 3Q20 and 4Q20, the production forecast for 2H20 has been revised up, now representing a lower annual decline of 0.65 mb/d compared to the contraction of 0.97 mb/d forecast in the previous month's assessment. As a result, the 2020 US liquids production forecast was revised up by 0.32 mb/d, to average 17.77 mb/d.

Production of crude oil, including field condensates, increased by 0.54 mb/d in four out of the five Petroleum Administration for Defence Districts (PADDs) in July, with the exception of the East Coast (PADD 1).

Crude oil output in July increased by 243 mb/d m-o-m in the USGC, mainly in Texas, followed by the Midwest (190 tb/d), West Coast (79 tb/d) and Rocky Mountain (27 tb/d) regions.

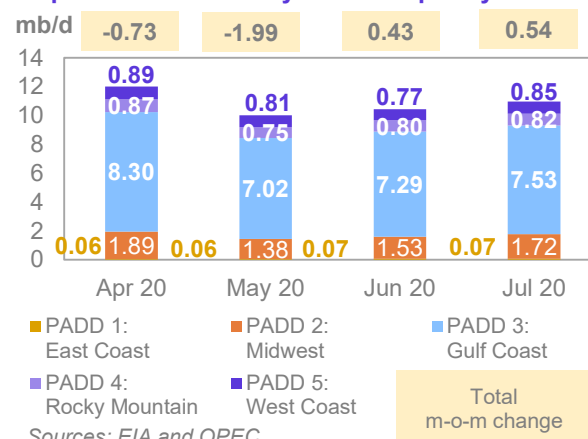
Oil output in North Dakota, the second top ranked oil producing state in the US, rose by 157 tb/d m-o-m to average 1.03 mb/d in July. This follows peak production of 1.52 mb/d in November 2019, and a subsequent decline to the lowest level of 864 tb/d in May, due to the shut-ins seen in 2Q20.

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



Source: OPEC.

Graph 5 - 6: US monthly crude output by PADDs



Sources: EIA and OPEC.

In the Gulf Coast, crude oil output in July rose in Texas by 103 tb/d m-o-m to average 4.74 mb/d as operators reactivated shut-in production amid a steady recovery in oil prices, but was down by 345 tb/d, y-o-y. Oil output in New Mexico and GoM also increased by 42 tb/d and 85 tb/d to average 0.99 mb/d and 1.65 mb/d, respectively.

In the Rocky Mountains, oil output in Colorado, home to the Niobrara shale, was flat m-o-m at an average of 0.45 mb/d, while crude production in Wyoming, Montana and Utah rose m-o-m a combined 27 tb/d. On the West Coast, production in Alaska recovered by 83 tb/d to average 444 tb/d in July.

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

State			Change
	Jun 20	Jul 20	Jul 20/Jun 20
Alaska	361	444	83
Colorado	450	450	0
Oklahoma	461	482	21
North Dakota	872	1,029	157
New Mexico	946	988	42
Gulf of Mexico (GoM)	1,564	1,649	85
Texas	4,632	4,735	103
Total	10,446	10,984	538

Sources: EIA and OPEC.

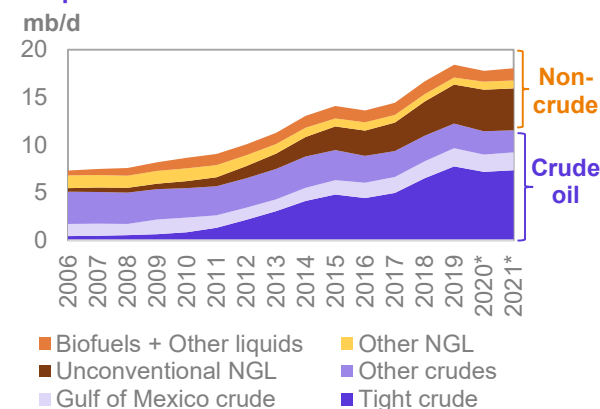
Following an increase of 0.76 mb/d m-o-m in July as well as the notable increase in fracked wells in September, 3Q20 was revised up to average 17.49 mb/d, leading to an upward revision for 4Q20, accordingly. Therefore, **US liquids production for 2020** is revised up by 0.32 mb/d and now forecast to contract by 0.89 mb/d y-o-y for an average of 17.77 mb/d.

Accordingly, tight oil output will see the largest contraction among liquids components in 2020, by 0.59 mb/d, revised up by 0.17 mb/d compared to a month earlier, followed by a decline of 0.13 mb/d in conventional crude production and 0.07 mb/d in GoM to average 1.81 mb/d. However, GoM production may yet be revised lower if additional hurricanes impact the region.

US biofuels and other non-conventional liquids production is expected to decline by 0.21 mb/d y-o-y to average 1.15 mb/d.

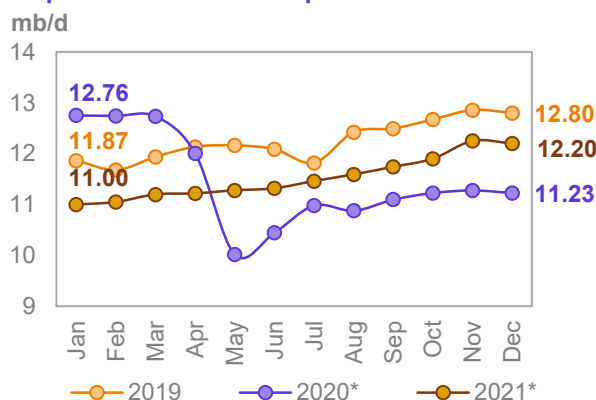
On the other hand, the US NGL production forecast was revised up by 0.11 mb/d, due to higher-than-expected output in July and a new historical record of 5.37 mb/d. NGL production is now expected to grow by 0.35 mb/d y-o-y to average 5.17 mb/d. NGLs output in July was higher by 662 tb/d, y-o-y.

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



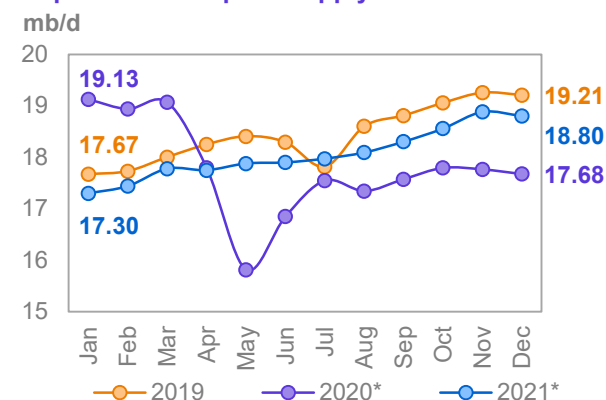
Note: * 2020-2021 = Forecast. Source: OPEC.

Graph 5 - 8: US crude oil production forecast



Note: * 2020-2021 = Forecast. Source: OPEC.

Graph 5 - 9: US liquids supply forecast



Note: * 2020-2021 = Forecast. Source: OPEC.

Rate of US tight crude production recovery after reactivation of shut-in wells and considering natural decline

The recent dramatic decline in oil prices due to the collapse in global oil demand following the COVID-19 pandemic forced many producers to shut in wells. In April, May and even June 2020, many operators voluntarily shut-in and curtailed production in the US, Canada, Norway, Brazil and – most importantly – production adjustments under the Declaration of Cooperation (DoC). The temporarily shut-in volumes provide a ready source of incremental production that may be returned to the market as prices improve, potentially leading to persistently soft prices.

The dynamic nature of US tight oil operations, being well-oriented rather than reservoir-oriented, as is the case in conventional production, does not allow for an easy method of calculation of future productivity of wells once these are reactivated following a shut-in. The ongoing reduction in onshore drilling activity in the US Lower- 48 due to unattractive economics is impacting the underlying production decline rates across the major shale plays in the US. This poses the question of the overall rate of US tight crude production decline.

Assuming the actual tight crude production in the 1Q20 as a base, and that all drilling stops at the beginning of 2Q20, the below table shows that US tight oil output would decline by around 3.85 mb/d in following 12 months and drop to an average of 4.42 mb/d at the beginning of 2Q21. The Annual Decline Rate (ADR) for the first year is estimated at 47% on average. However, a part of this estimated decline could be compensated by production from the new wells through drilling activity, fracking operation and completion. The tight crude production growth of 1.25 mb/d, as seen in 2019, lends a better understanding of the significant role of rig count and well completion activities. Based on current drilling efficiency, the number of onshore oil rigs should increase from the current level of 179 to 280 oil rigs to be able to maintain the current output level of July at 6.6 mb/d.

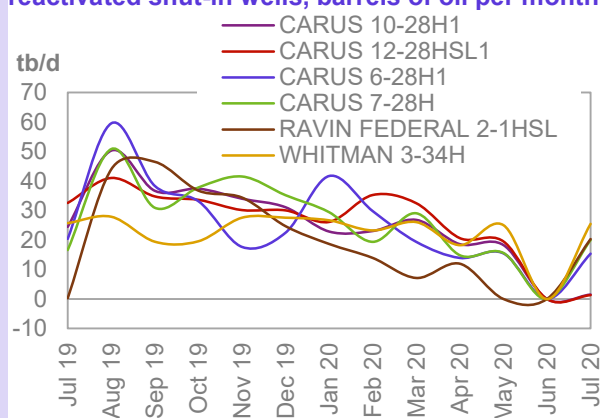
Table 5 - 5: US tight crude output after one year from 2Q20

US tight oil output	Base in 1Q20	% of total	Avg. ADR	1st year decline	Level in 2Q21	Expected decline 2Q20	Apparent decline 2Q20
Unit:	tb/d	%	%	tb/d	tb/d	tb/d	tb/d
Permian tight	4,188	51	43	1,801	2,387	-450	-667
Eagle Ford shale	1,260	15	48	605	655	-151	-237
Bakken shale	1,417	17	42	595	822	-149	-440
Niobrara shale	541	7	53	287	254	-72	-91
Other shale plays	864	10	58	501	363	-125	-188
Total tight crude output	8,270	100	47	3,846	4,424	-947	-1,623

Source: OPEC.

According to a Rystad Energy survey (published before the new release of monthly data by EIA) on the breakdown of oil production growth by operators, Continental Resources stands out as the most significant contributor to the recovery, adding 78 tb/d, or 78%, m-o-m in July, to average 101 tb/d. Hess remains the top-ranked operator for a second consecutive month, with 111 tb/d of production, and no production curtailments in 2Q20. ConocoPhillips follows, with an addition of 34 tb/d, and ExxonMobil, with 14 tb/d. ExxonMobil had shut-in wells in April and May, but despite this, shows almost no sign of production efficiency loss. Most of these wells are back to the same levels of production before the shut-in period, with an exceptionally high production for Walton Federal 41X-19BXC. It is worth noting that all the wells are 2019 vintage, and most of them were completed in 3Q19. Furthermore, ConocoPhillips' wells in Dunn and McKenzie counties show similar reactivation behaviour. These wells, which were shut through May and June, started producing again in July, but the volume is yet to reach the levels touched prior to the shut-in period. In its conclusion, Rystad Energy added that "not all curtailed volumes are back, considering some wells that were completed in late-2019 with consistent production still remain shut".

Graph 5 - 10: Continental resources selected reactivated shut-in wells, barrels of oil per month



Sources: OPEC and Rystad Energy.

US crude oil production in 2021 is forecast to grow by 0.07 mb/d y-o-y to average 11.52 mb/d. This includes condensates averaging around 0.8 mb/d. Tight crude is projected to increase by 0.16 mb/d to average 7.33 mb/d, production from the GoM is forecast to increase by 0.08 mb/d y-o-y to average 1.89 mb/d, and onshore conventional crude is forecast to decline by 0.17 mb/d, and average 2.30 mb/d.

US NGL production is forecast to grow by 0.08 mb/d in 2021 to average 5.25 mb/d, while biofuels and other non-conventional liquids in 2021 are forecast to increase by 0.14 mb/d to average 1.29 mb/d.

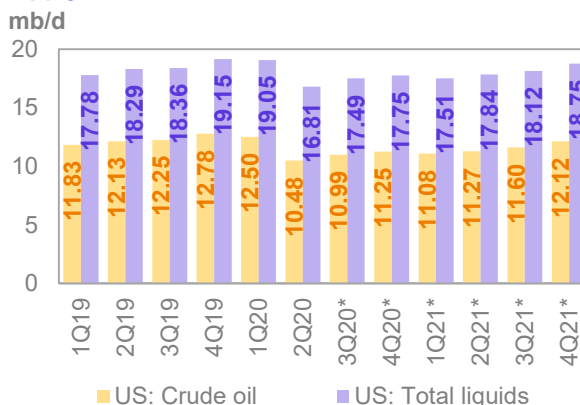
The **US liquids production** forecast for 2021 was revised down by 0.11 mb/d, compared to last month's projection and is expected to grow by 0.29 mb/d y-o-y to average 18.06 mb/d, but still remains 0.37 mb/d below the 2019 level.

US tight crude production peaked in March 2020 at 8.3 mb/d, followed by a drop in April by 713 tb/d and a drastic plunge in May by 1.56 mb/d to average 6.05 mb/d. Since then, tight crude output has started to show some recovery in most key regions in June, leading to average production of 7.46 mb/d for 1H20.

In **July**, in the Eagle Ford and Bakken shale, oil production increased by 16 tb/d and 171 tb/d to average 979 tb/d and 1,045 tb/d, respectively. Tight crude output rose by 119 tb/d in the Permian Basin to average 3.49 mb/d, down by 217 tb/d y-o-y.

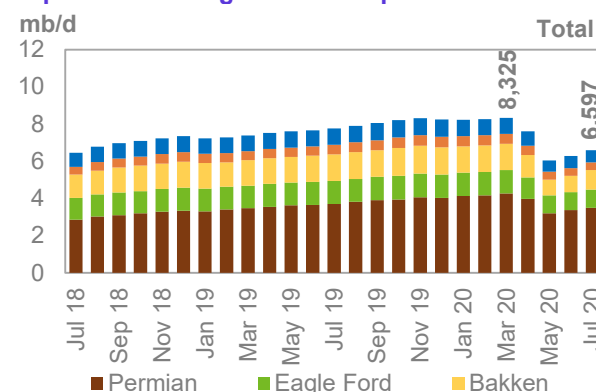
US tight crude average production in the first seven months of the year 2020 has declined by only 155 tb/d to average 7.34 mb/d, compared to 7.49 mb/d over the same period in 2019. This is despite the curtailment of around 2.7 mb/d in April and May.

Graph 5 - 11: US crude and total liquids quarterly supply



Note: * 3Q20-4Q21 = Forecast. Sources: EIA and OPEC.

Graph 5 - 12: US tight crude output breakdown



Sources: EIA, Rystad Energy and OPEC.

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

US liquids	2018	2019	Change 2019/18	2020*	Change 2020/19	2021*	Change 2021/20
Tight crude	6.51	7.76	1.25	7.17	-0.59	7.33	0.16
Gulf of Mexico crude	1.76	1.88	0.13	1.81	-0.07	1.89	0.08
Conventional crude oil	2.69	2.60	-0.13	2.47	-0.13	2.30	-0.17
Unconventional NGLs	3.58	4.01	0.44	4.34	0.33	4.42	0.08
Conventional NGLs	0.79	0.81	0.02	0.83	0.02	0.83	0.00
Biofuels + Other liquids	1.35	1.36	0.00	1.15	-0.21	1.29	0.14
US total supply	16.69	18.43	1.74	17.77	-0.65	18.06	0.29

Note: * 2020-2021 = Forecast.

Sources: EIA, OPEC and Rystad Energy.

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	3.71	0.87	3.81	0.10	4.11	0.30
Bakken shale	1.42	0.16	1.20	-0.22	1.35	0.15
Eagle Ford shale	1.23	0.05	1.10	-0.13	1.04	-0.06
Niobrara shale	0.52	0.08	0.40	-0.12	0.33	-0.07
Other tight plays	0.88	0.09	0.66	-0.22	0.50	-0.16
Total	7.76	1.25	7.17	-0.59	7.33	0.16

Note: * 2020-2021 = Forecast.

Source: OPEC.

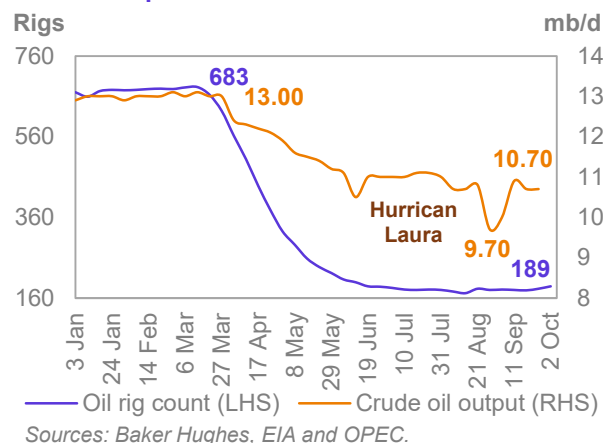
US rig count, spudded, completed, DUC wells and fracking activity

The **cumulative US rig count** declined by 587 units, or 69%, y-o-y, to 269 rigs in the week ending 9 October, according to Baker Hughes. US operators have idled 490 oil rigs since crude prices started plummeting from 13 March. However, the oil rig count has increased for the third consecutive week.

The **oil rig count** added four rigs w-o-w to 193 rigs, while **gas rigs** were down by one rig w-o-w to 73 rigs. At the same time, the US oil rig count dropped by 519 rigs, or 73% y-o-y, while gas rigs dropped by 70 units, or 49%.

Total horizontal rigs (oil and gas) decreased by 517 units, or 69%, y-o-y to stand at 233 rigs. The horizontal rig count was up by 4 rigs w-o-w.

Graph 5 - 13: US weekly rig count vs US weekly crude oil output



Regarding major basins, 129 oil rigs were active in the Permian Basin, adding 1 rig, as of 9 October, lower by 291 rigs, or 69%, y-o-y. At the same time, the number of active rigs was 13 units in the Eagle Ford Basin, down by 78% y-o-y, 11 active rigs in Williston Basin, down by 80% y-o-y, and 4 units in DJ-Niobrara Basin, down by 81% y-o-y.

With regard to **spudding, completion and started wells** in all US shale plays, as reported by Rystad Energy, 251 horizontal wells were spudded in September (as per preliminary information), a drop of 37 wells m-o-m and this compares to 807 spudded wells in September 2019.

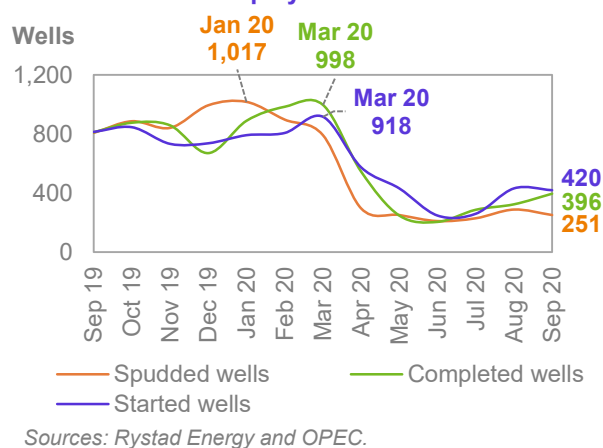
The preliminary number of completed wells is estimated at 396 wells in September, higher by 72 m-o-m, but lower by 416 completed wells from a year ago. In September, the number of started wells dropped by 12 to 420 wells, lower by 395 wells, y-o-y.

Rystad Energy reports a sharp recovery in fracking in the US in September, but raise doubt as to whether these levels can be maintained through October or if a seasonal slowdown in activity will be observed. Activity, driven by the Permian Basin and also supported by a recovery in Eagle Ford and Bakken, touched around 710 wells in September. For October, as many as 60 jobs have already been identified in the first days of the month, Rystad reports. Strong fracking would likely help sustain US onshore production, as operators bring online their drilled but uncompleted (DUC) wells.

A total of 420 new wells started to produce in September in all US shale regions compared to 432 started wells in August, but this was lower by 395 started wells y-o-y. In September, 251 new wells were spudded in different regions.

The number of **DUC horizontal wells** in US shale plays in **September**, following a m-o-m decrease of 100 uncompleted wells in August, dropped again by another 314 wells m-o-m to stand at 3,816 wells, as per preliminary data.

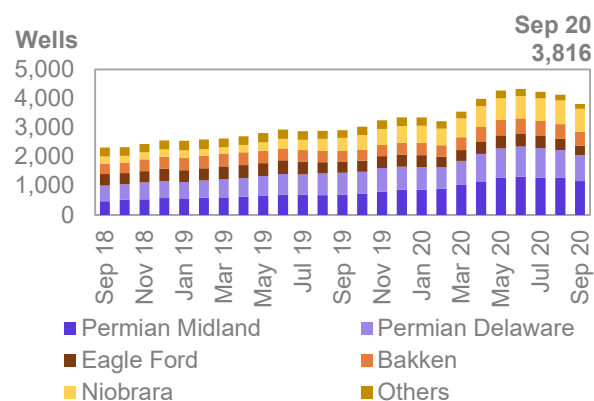
Graph 5 - 14: Spudded, completed and started wells in the US shale plays



Rystad Energy has revised its methodology for the count of DUCs count, which is now based on total depth and stimulation start dates (i.e. currently, DUC inventory is a count of drilled wells awaiting frac services), while the previous methodology was based on spud and completion dates.

Increasing fracking activities in September, and a rising oil rig count, have led to a drop in DUCs by 106 units in the Permian Midland, 64 units in the Permian Delaware, 61 units in Eagle Ford, 32 units in the Bakken shale, 23 wells in Niobrara shale and 28 units in other shale plays.

Graph 5 - 15: US horizontal DUC count by shale play



Sources: Rystad Energy and OPEC.

Hurricanes and shut-ins of offshore production in the GoM

Tropical Storm Sally passed through the Gulf of Mexico just a week after operators had redistributed most of the personnel evacuated due to **hurricanes Laura and Marco**. Nevertheless, the cumulative outage due to Sally during 9 days (14-22 September) at 3.2 mb/d, was much less than during Laura at around 15 mb/d over 18 days, as per the final update reported to the US Bureau of Safety and Environmental Enforcement (BSEE). Oil output in GoM had declined in August by 0.29 mb/d m-o-m to average 1.36 mb/d as of EIA-STEEO's preliminary data, while production recovered to 1.75 mb/d in September, despite Hurricane Sally.

As of 14 September, the first day of evacuation relevant to Sally, personnel had been evacuated from a total of 147 production platforms, or around 23% of the 643 manned platforms in the Gulf of Mexico. Approximately 21% or 396 tb/d of the total oil production in the Gulf of Mexico had been shut-in, in addition to approximately 25% of the natural gas production or 685 mcf/d.

According to the BSEE's final report on Hurricane Sally, personnel remained evacuated from a total of 21 production platforms, around 3% of the 643 manned platforms in the Gulf of Mexico as of 22 September, with around 7% of the current oil production remaining shut-in.

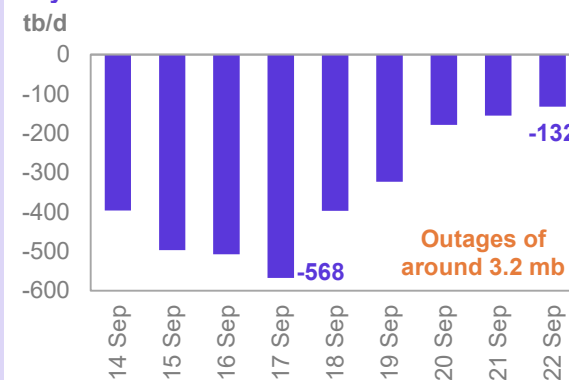
This leads to a current estimate of 3.16 mb for the total outage associated with Tropical Storm Sally over 9 days, or an outage of 105 tb/d in September.

The total cumulative oil outages due to Hurricane Laura during 1–8 September and Hurricane Sally from 14 to 22 September are estimated at 5.22 mb or a decline of 174 tb/d for the entire month.

However, considering all outages due to maintenance and operational failure as well as impact of the hurricanes, production in GoM is estimated to drop to 1.60 mb/d and 1.59 mb/d in August and September, respectively, compared with 1.65 mb/d in July.

In October, US producers have shut in about 92% or 1.7 mb/d of offshore crude production as another powerful hurricane – Delta – entered the southern GoM on 8 October and was expected to make landfall the following day, according to the BSEE. Hurricane Delta has already caused the highest level of shut-ins ever recorded in a single day, surpassing the 2002 record set by Hurricane Lili. Rystad Energy forecasts average daily production in October in the US sector of the GoM to fall by nearly 400 tb/d of oil and more than 350 mcf/d of gas, due to outages.

Graph 5 - 16: Gulf of Mexico shut-ins by Hurricane Sally



Sources: Bureau of Safety and Environment Enforcement (BSEE) and OPEC.

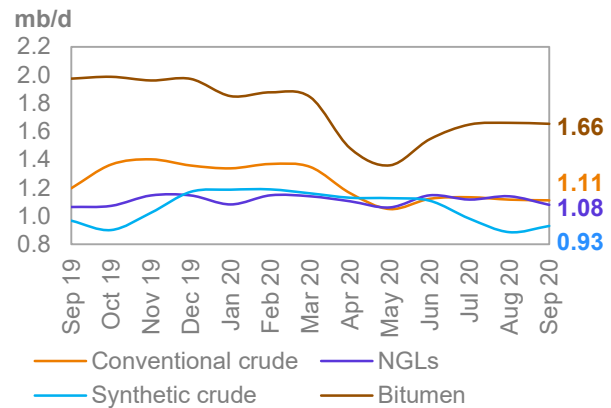
Hurricane Delta is the fifth named weather system to cause production shut-ins during the 2020 hurricane season. The previous storms to affect US offshore production this year have been Cristobal, Marco, Laura and Sally. Collectively, these storms caused a total of about 21 mb of oil to be shut in – a tally that is now destined to rise sharply as Delta cuts a path across the Gulf, according to a Rystad Energy survey.

Canada

Canada's liquids production in August was down by 0.07 mb/d to average 4.85 mb/d, as per preliminary data, far from the 5.45 mb/d of a year ago. This drop was mainly due to lower synthetic crude production by 95 tb/d in August to average 0.89 mb/d. Bitumen output was up by 12 tb/d to average 1.66 mb/d, lower by 0.17 mb/d, y-o-y. Conventional crude oil output was down by 17 tb/d to average 1.12 mb/d while NGLs production rose by 23 tb/d to average 1.14 mb/d. Total liquids output in June was up by 325 mb/d to average 4.97 mb/d.

Canada's total liquids output in 2Q20 declined by more than 0.7 mb/d, q-o-q, including 0.45 mb/d of oil sands and 0.26 mb/d of conventional. Parts of this referred to production curtailments and shut-ins.

Graph 5 - 17: Canada monthly liquids production development by component



Sources: National Energy Board and OPEC.

Based on official data, according to the Alberta Energy Regulator (AER), bitumen production from oil sands mining operations averaged 1.44 mb/d in June, up 88 tb/d from the previous month. Production of bitumen from four mines reported was above nameplate capacity. Output was up by 46 tb/d m-o-m in CNRL's Horizon Mine to average 302 tb/d. Production also increased by 77 tb/d m-o-m in Imperial Oil's Kearl Mine to average 239 tb/d, and finally Muskeg River produced 186 tb/d, up 18 tb/d, m-o-m.

As of AER, upgraded production is expected to decrease in 2020 due to lower raw bitumen production. Production is expected to range between 1.09 mb/d and 1.21 mb/d in 2020. According to AER, "On average, about 15 per cent of raw bitumen used as feedstock for upgrading is lost in the conversion process. The growth in production of non-upgraded bitumen is expected to outpace that of upgraded bitumen, mainly because newer mines (Fort Hills and Kearl in particular) do not have upgrading capabilities".

Canada's oil supply in **2020** was revised down by 18 tb/d following a downward adjustment of the supply forecast for 3Q20 and is now estimated to contract by 0.33 mb/d y-o-y for an average of 5.08 mb/d.

For **2021**, the supply forecast remained unchanged at 0.23 mb/d y-o-y and average 5.31 mb/d. Enbridge reportedly reached an agreement with Michigan to resolve concerns that threatened to shut a portion of the 540 tb/d Line 5 crude and natural gas liquids (NGL) pipeline system. A possible settlement would allow the pipeline, which crosses under the Great Lakes, to continue operating while the state reviews safety information. Oil production recovery in Canada, particularly from shut-in wells in Alberta, is forecast to gradually increase amid higher demand in the next year, most likely in 2H21, when output is forecast to reach 5.5 mb/d. Canada is still facing pipeline constraints and railroad capacity limits for its oil exports.

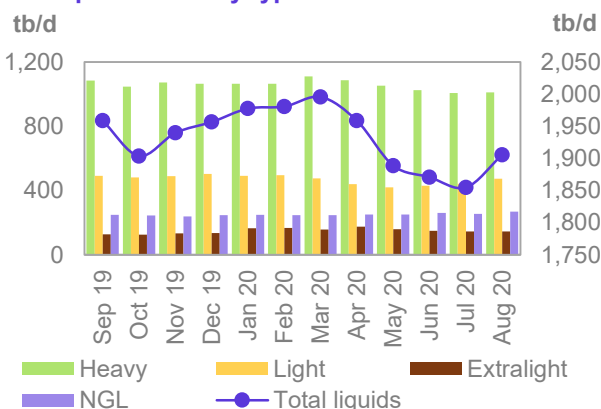
Mexico

Mexico's liquids output in August was up by 51 tb/d m-o-m to average 1.91 mb/d, rising to the average output seen in 2Q20. **Crude oil output** increased by 37 tb/d to average 1.63 mb/d, while NGLs production also inched up by 14 tb/d to average 270 tb/d.

Preliminary liquids production data for September indicates an increase of 25 tb/d as pandemic-related issues at one of the FPSOs eased. The Mexican government is reportedly set to revise down its crude production forecast of 2 mb/d to 1.86 mb/d.

However, liquids production is expected to decline by 0.02 mb/d to average 1.91 mb/d, including 0.3 mb/d of NGLs & non-conventional liquids and 1.61 mb/d of crude oil. For 2021, oil production in Mexico is forecast to continue to decline by 0.02 mb/d to average 1.89 mb/d.

Graph 5 - 18: Mexico's monthly liquids and crude production by type

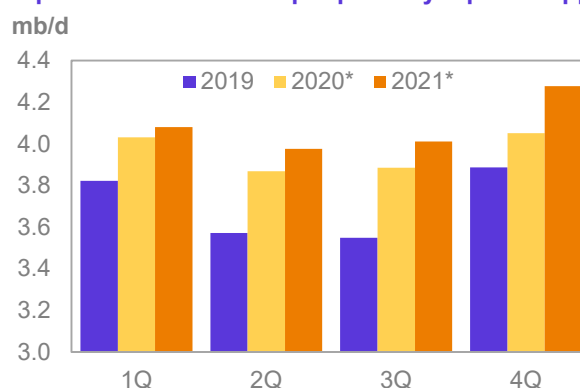


OECD Europe

OECD Europe's liquids production in 2020 is projected to grow by 0.25 mb/d to average 3.96 mb/d. OECD liquids production declined by 0.04 mb/d to average 3.86 mb/d in August. The outlook, however, is somewhat gloomier in other countries of the region, particularly in the UK, where project sanctions have dried up, or field closures and natural declines have negatively impacted production growth.

For **2021**, the production forecast is likely to rise to 4.09 mb/d through continued production ramp ups in Norway, representing y-o-y growth of 0.13 mb/d for the region.

Graph 5 - 19: OECD Europe quarterly liquids supply

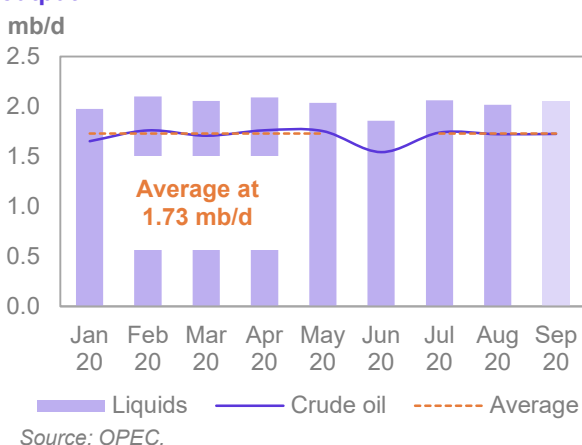


Norway

Norwegian liquids production in August was down by 0.04 mb/d m-o-m to 2.02 mb/d, after rising by 0.20 mb/d m-o-m in July. With regard to crude oil output, average crude oil production in the first five months of 2020 was 1.73 mb/d. Crude production in June was curtailed by 0.19 mb/d, following the announcement of Norway's government to limit at an average of 1.54 mb/d. However, average production continued in July and August at the same level of 1.73 mb/d and could possibly continue at this level in September.

In 4Q20, crude oil production on the Norwegian Continental Shelf is adjusted down by 134 tb/d up to a maximum of 1,725 tb/d, based on the crude production benchmark of 1,859 tb/d.

Graph 5 - 20: Norway's monthly liquids and crude output



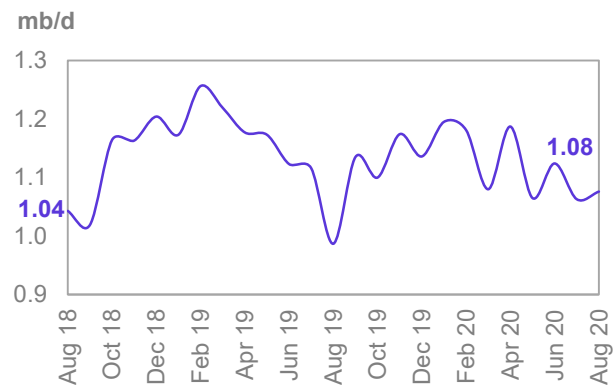
UK

UK liquids production in August was up by 0.02 mb/d m-o-m to average 1.08 mb/d. Crude oil output rose by 18 tb/d to average 0.94 mb/d, while NGLs production showed a minor decrease of 5 tb/d to average 106 tb/d. Regular maintenance is expected to have picked up in September and continue into October.

For **2020**, despite expected growth from new projects, UK oil production was revised down by 0.01 mb/d to average 1.13 mb/d, and show a decline by 0.01 mb/d, y-o-y.

For **2021**, UK liquids production is forecast to show minor growth of 0.02 mb/d to average 1.15 mb/d.

Graph 5 - 21: UK monthly liquids output



Sources: Department of Energy & Climate Change and OPEC.

Non-OECD

Non-OECD liquids production for 2020 is forecast to decline by 1.46 mb/d y-o-y to average 31.44 mb/d, revised up by 10 tb/d m-o-m. China's liquid supply is expected to grow by 0.07 mb/d to average 4.12 mb/d. India is likely to decline by 0.03 mb/d to average 0.80 mb/d. Other Asia is likely to decline by 0.19 mb/d to average 2.52 mb/d while Latin America will grow by 0.13 mb/d to average 6.19 mb/d. Oil production in the Middle East will decline by 0.06 mb/d to average 3.13 mb/d, and Africa will also decline by 0.08 mb/d to average 1.45 mb/d. Oil production in Eurasia is estimated to decline by 1.29 mb/d y-o-y to average 13.22 mb/d.

For **2021**, liquids production in non-OECD countries is forecast to grow by 0.11 mb/d after a minor upward revision of 15 tb/d to average 31.55 mb/d. China is forecast to show a decline by 0.03 mb/d to average 4.10 mb/d while production in India is projected to grow by 0.03 mb/d next year to average 0.83 mb/d. Oil supply is likely to decline in Other Asia by minor 0.01 mb/d to average 2.51 mb/d while Latin America remains the key driver in non-OECD with y-o-y forecast growth of 0.25 mb/d to average 6.44 mb/d. Production in Africa is forecast to decline by 0.08 mb/d to average 1.37 mb/d and oil production in the Middle East is forecast to decline by 0.01 mb/d y-o-y to 3.13 mb/d. Oil production in the Eurasia is projected to show a minor decline of 0.04 mb/d y-o-y to average 13.18 mb/d.

China

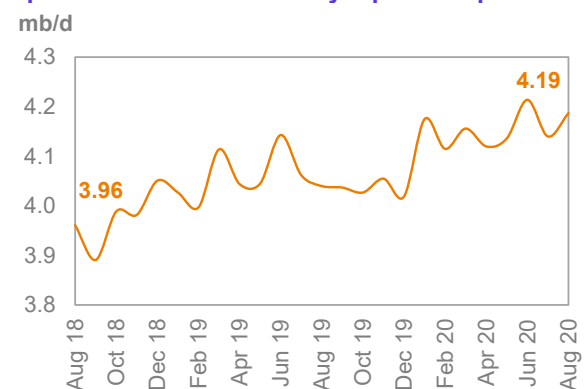
China's liquids production in August was up by 0.05 mb/d m-o-m to average 4.19 mb/d, up by 0.15 mb/d y-o-y, according to official data. Crude oil output in August increased by 45 tb/d to average 3.92 mb/d, higher by 0.11 mb/d y-o-y, amid PetroChina's production ramp up in Xinjiang and Changqing and the ramp-up in the Qinhuangdao 33-1S oilfield phase I project.

However, oil output in 4Q20 is forecast to decline q-o-q due to lower Capex and drilling activity during the winter season. This is despite the startup of the Liuhua offshore field, which came online in September by CNOOC and is expected to reach 73 tb/d in 2022.

As a result, oil supply in **2020** is projected to grow by 0.07 mb/d to average 4.12 mb/d, revised up by 13 tb/d.

For **2021**, oil supply is forecast to contract by 0.03 mb/d to average 4.10 mb/d.

Graph 5 - 22: China's monthly liquids output



Sources: CNPC and OPEC.

Latin America

Total liquids supply in Latin America dropped by 0.3 mb/d m-o-m to average 6.24 mb/d in August.

Liquids production in **2020** is projected to increase in Brazil by 0.22 mb/d to average 3.76 mb/d and Guyana by 0.08 mb/d to average 0.09 mb/d. Oil production in other countries of the region is forecast to decline. Latin America's oil supply in 3Q20 and 4Q20 is likely to increase to 6.15 mb/d and 6.42 mb/d, respectively. Latin America's oil supply for the year is forecast to grow by 0.13 mb/d y-o-y to average 6.19 mb/d.

For **2021**, oil production is projected to grow by 0.25 mb/d to average 6.44 mb/d. Oil production in Brazil, Ecuador and Guyana will increase, while production will remain flat in other countries.

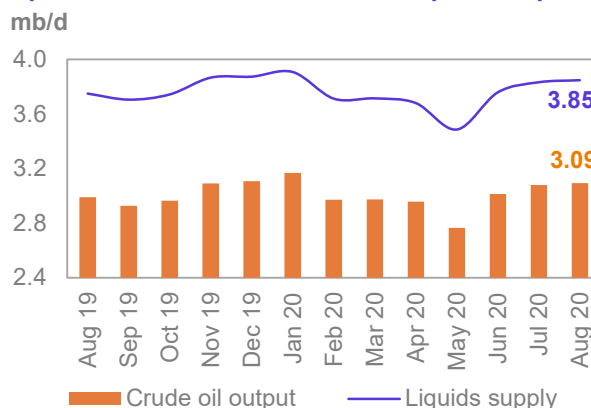
Brazil

Brazil's crude oil production in August, rose by 16 tb/d to average 3.09 mb/d as production in Lula in the pre-salt horizon recovered by 16 tb/d, up by 105 tb/d, y-o-y. Brazilian liquids output also rose by 0.02 mb/d to average 3.85 mb/d. M-o-m growth in Atapu and Buzios was offset by the shutdown of Equinor's Peregrino field in the post-salt horizon.

In **2020**, oil production is projected to grow by 0.24 mb/d to average 3.78 mb/d.

For **2021**, liquids supply is forecast to grow by 0.14 mb/d to average 3.92 mb/d, mainly crude oil from pre-salt areas.

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



Sources: ANP, Petrobras and OPEC.

Eurasia

The oil supply forecast in **Eurasia** (FSU + other Europe) for **2020** was revised up by 24 tb/d, due to an upward revision by 94 tb/d in 3Q20, which led to a lower contraction by 1.29 mb/d in 2020. Production in three countries participating in the DoC – Russia, Kazakhstan and Azerbaijan – is forecast to decline by 1.09 mb/d, 0.12 mb/d and 0.06 mb/d, respectively in 2020.

For **2021**, oil production in the region, is forecast to decline by a minor 0.04 mb/d y-o-y to average 13.18 mb/d, of which Russia is forecast to grow by 0.01 mb/d.

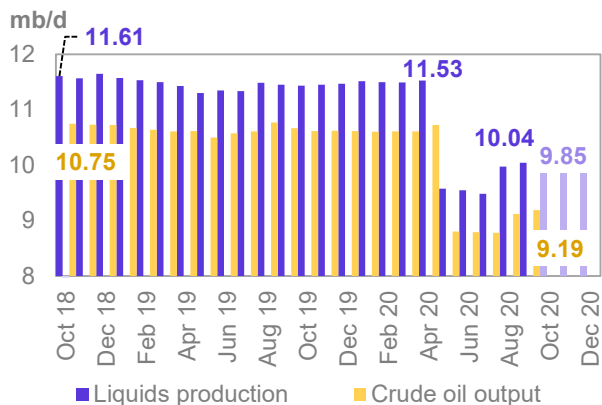
Russia

Preliminary data for **Russia's liquids production in September** shows an increase of 0.07 mb/d m-o-m for an average of 10.04 mb/d. This is lower by 1.41 mb/d y-o-y. **Crude oil production in September** averaged 9.19 mb/d as per official data, up from 9.12 mb/d in August, as reported by Nefte Compass. Production of condensate and NGLs from gas condensate fields was flat at 0.85 mb/d in August and September according to preliminary data from secondary sources.

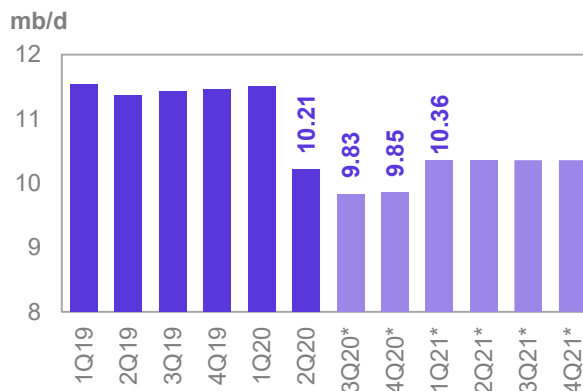
Russia's liquids supply is forecast to average 9.83 mb/d and 9.85 mb/d for 3Q20 and 4Q20, respectively.

Annual liquids production in **2020** is forecast to decrease by 1.09 mb/d y-o-y to average 10.35 mb/d. Russia's crude oil production is forecast to remain steady at 9.09 mb/d in 4Q20.

For **2021**, Russian liquids supply is expected to grow by 0.01 mb/d y-o-y to average 10.36 mb/d. Russia's crude oil production is forecast to remain steady at 9.60 mb/d in 2021.

Graph 5 - 24: Russia's monthly liquids production and forecast

Sources: Nefte Compass and OPEC.

Graph 5 - 25: Russia's quarterly liquids output

Note: * 3Q20-4Q21 = Forecast.

Sources: Nefte Compass and OPEC.

Caspian

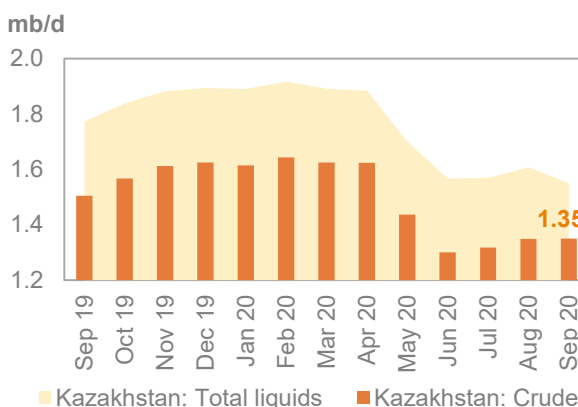
Kazakhstan

Kazakhstan's preliminary liquids production in September shows a decrease of 0.06 mb/d m-o-m to average 1.55 mb/d, lower by 0.22 mb/d y-o-y. Liquids output in 3Q20 was lower by 0.14 mb/d q-o-q and showed a decline of 0.32 mb/d compared to 1Q20.

Crude oil production in August and September was steady at 1.35 mb/d. However, NGLs declined in September by 0.05 mb/d m-o-m to average 0.2 mb/d.

Kazakhstan's liquids production in **2020** is expected to decline by 0.12 mb/d to average 1.69 mb/d.

For **2021**, production is forecast to decline by 0.02 mb/d, y-o-y to average 1.68 mb/d.

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

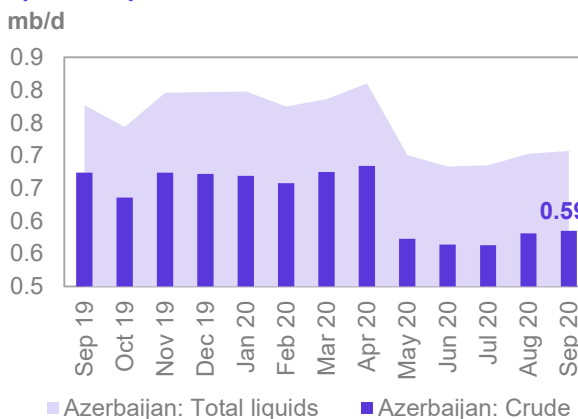
Sources: Nefte Compass and OPEC.

Azerbaijan

Preliminary Liquids output in Azerbaijan in September shows m-o-m growth of 0.01 mb/d to average 0.71 mb/d. This has led to a decline of 0.03 mb/d in 3Q20, q-o-q, to average 0.7 mb/d. Crude production as per official data averaged 563 tb/d in July, while the preliminary crude production data as per secondary sources for August and September average at 581 tb/d and 585 tb/d, respectively.

For **2020**, liquids production is forecast to decline by 0.06 mb/d to average 0.72 mb/d.

For **2021**, a minor decline of 0.01 mb/d is anticipated.

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 rose by 0.01 mb/d in September to average 5.04 mb/d, lower by 0.01 mb/d, y-o-y.

For **2020**, a contraction of 0.11 mb/d y-o-y is forecast to average 5.15 mb/d. OPEC NGLs production is projected to decline by 0.11 mb/d to average 5.04 mb/d, while OPEC non-conventional liquids are expected to remain unchanged at 0.11 mb/d.

For **2021** growth of 0.09 mb/d is forecast to average 5.24 mb/d. NGLs production is expected to grow by 0.09 mb/d to average 5.13 mb/d, while non-conventional liquids will remain unchanged at 0.11 mb/d.

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

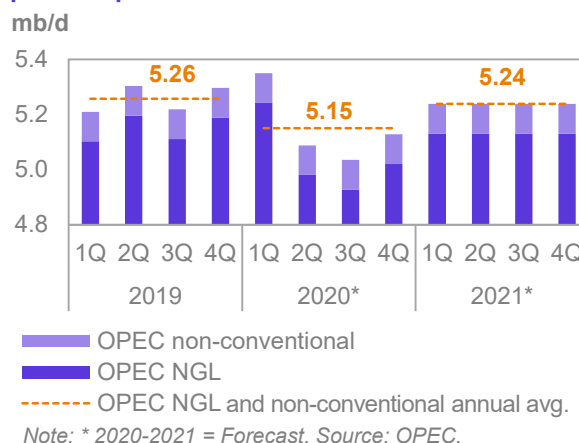


Table 5 - 8: OPEC NGL + non-conventional oils, mb/d

OPEC NGL and non-conventional oils	Change		Change						Change	
	2019	19/18	2020	20/19	1Q21	2Q21	3Q21	4Q21	2021	21/20
OPEC NGL	5.15	-0.08	5.04	-0.11	5.13	5.13	5.13	5.13	5.13	0.09
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	5.15	-0.11	5.24	5.24	5.24	5.24	5.24	0.09

Note: 2020-2021 = Forecast.

Source: OPEC.

OPEC crude oil production

According to secondary sources, total **OPEC-13 crude oil production** averaged 24.11 mb/d in September 2020, down by 0.05 mb/d m-o-m. Crude oil output inched up mainly in Libya, Iraq and Saudi Arabia, while production decreased primarily in the UAE.

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

Table 5 - 9: OPEC crude oil production based on secondary sources, tb/d

Secondary sources	2018	2019	1Q20	2Q20	3Q20	Jul 20	Aug 20	Sep 20	Change Sep/Aug
Algeria	1,042	1,022	1,016	878	839	808	857	854	-3
Angola	1,505	1,401	1,388	1,267	1,216	1,186	1,218	1,246	27
Congo	317	324	295	296	285	287	286	283	-3
Equatorial Guinea	125	117	122	110	112	114	118	103	-15
Gabon	187	208	195	201	185	192	184	180	-4
Iran, I.R.	3,553	2,356	2,059	1,958	1,945	1,930	1,942	1,964	22
Iraq	4,550	4,678	4,560	4,127	3,698	3,752	3,648	3,694	46
Kuwait	2,745	2,687	2,741	2,464	2,246	2,161	2,285	2,292	7
Libya	951	1,097	348	84	122	107	104	156	53
Nigeria	1,718	1,786	1,800	1,617	1,465	1,467	1,467	1,461	-6
Saudi Arabia	10,311	9,771	9,796	9,212	8,763	8,417	8,922	8,957	35
UAE	2,986	3,094	3,204	2,871	2,604	2,503	2,773	2,533	-239
Venezuela	1,354	796	730	501	359	345	351	383	32
Total OPEC	31,344	29,337	28,255	25,585	23,839	23,268	24,153	24,106	-47

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

Source: OPEC.

Table 5 - 10: OPEC crude oil production based on direct communication, tb/d

Direct communication	2018	2019	1Q20	2Q20	3Q20	Jul 20	Aug 20	Sep 20	Change Sep/Aug
Algeria	1,040	1,023	1,018	874	843	809	859	861	2
Angola	1,473	1,373	1,402	1,267	1,253	1,275	1,266	1,216	-50
Congo	323	329	308	311	301	301	292	311	19
Equatorial Guinea	120	110	126	107	115	116	117	112	-6
Gabon	193	218	224	227	201	204	201	200	-1
Iran, I.R.	..	..	..	..	..	..	..	..	..
Iraq	4,410	4,576	4,490	4,088	3,625	3,697	3,578	3,600	22
Kuwait	2,737	2,678	2,744	2,474	2,245	2,158	2,289	2,290	1
Libya	..	..	..	..	..	..	..	..	..
Nigeria	1,602	1,737	1,761	1,515	1,344	1,353	1,368	1,310	-58
Saudi Arabia	10,317	9,808	9,755	9,317	8,813	8,479	8,984	8,982	-2
UAE	3,008	3,058	3,173	2,921	2,525	2,406	2,693	2,476	-217
Venezuela	1,510	1,013	821	568	395	392	396	397	1
Total OPEC	..	..	..	..	..	..	..	..	..

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

Source: OPEC.

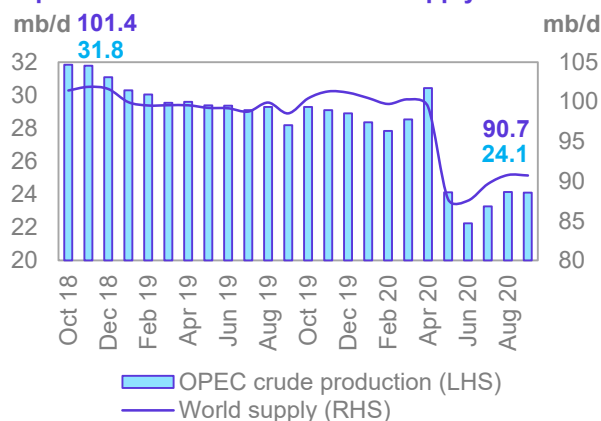
World oil supply

Preliminary data indicates that **global liquids production in September** decreased by 0.06 mb/d to average 90.71 mb/d, compared with the previous month, and was lower by 7.83 mb/d, y-o-y.

Non-OPEC liquids production (including OPEC NGLs) decreased in September by 0.01 mb/d compared with the previous month to average 66.60 mb/d, lower by 3.75 mb/d y-o-y. The preliminary decreases in production during September 2020, were mainly driven by Brazil and Kazakhstan.

The **share of OPEC crude oil in total global production** remained unchanged in September at 26.6% 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



Product Markets and Refinery Operations

In September, refinery margins showed mixed results. In the Atlantic Basin, product markets benefitted from some supply side support attributed to refinery run cuts, despite weakness coming from the middle of the barrel due to high gasoil availability amid more stringent lockdown measures as COVID-19 infection rates rose.

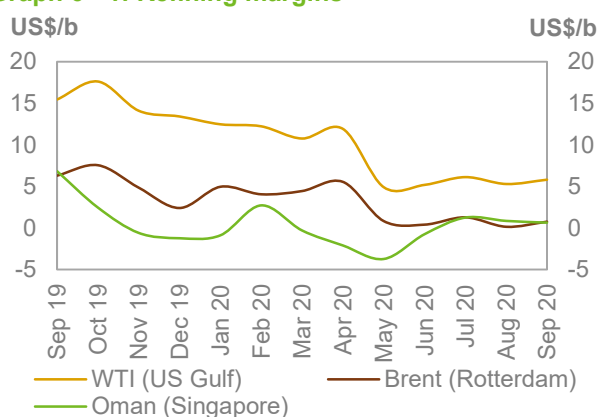
In the US, Hurricane Laura hit the USGC in early September, affecting several refinery operations and resulting in maintenance-related shutdowns in Europe, which led to a relatively tighter gasoline market in both regions.

In Asia, a prevailing overall product surplus continued to weigh on product markets and outweighed all gains obtained from healthy gasoline consumption within the region while refinery intakes there remained strong.

Refinery margins

US refinery margins trended higher, supported by lower product output, in line with a pick-up witnessed in maintenance activity as storm-related shut downs led to inventory drawdowns. At least six refineries in the USGC were reported to have halted operation due to the storm. While most refineries were able to quickly restore operations, three refineries had suffered damage and remained offline. Hurricane Sally, which saw Phillips 66 idle its 250 tb/d refinery and suspend loadings in Belle Chasse, had a relatively limited impact as compared to Hurricane Laura. Additionally, closure of Canadian refining capacity rose the region's requirements for European imports and helped limit losses. The source of the strength emerged from the top section of the barrel as gasoline inventory levels fell for the second consecutive month.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

In addition, a decline in LPG production caused by weather-related shutdowns in oil production led to a pick-up in naphtha buying interest as an alternative. However, this combined upside proved rather insufficient to sustain margins at a higher level relative to the previous month. US refinery margins against WTI averaged \$5.82/b in September, up by 52¢ m-o-m, but down by \$9.63 y-o-y.

European refinery margins saw slight gains in September, mainly amongst complex configurations backed by planned refinery turnarounds, despite some refineries also having reportedly restarted operations over the month. In addition, repair works have begun at Total's sole 240 tb/d CDU at their Gonfreville refinery in Normandy, while the 100 tb/d Grandpuits refinery has officially been marked for conversion into a biofuels plant with crude refining operations to be halted in 1Q21.

Nonetheless, weak middle distillate markets still weighed on refining margins and could continue to suffer pressure given the increasing indications of oversupply and rising floating storage. Moreover, the downturn in diesel cracks has eroded all incentive for Europe's diesel-oriented fleet of refineries to increase intakes. The stalled recovery in transportation fuel demand continues to represent a challenge to product markets, particularly that of jet fuel. The number of new COVID-19 infection rates rose over the month with the most affected countries being Spain, France and the UK. Therefore, European governments reintroduced and intensified lockdown measures to reduce the number of cases and control hospitalization rates. Refinery margins for Brent in Europe averaged 78¢/b in September, up by 61¢ compared to a month earlier, but down by \$5.52 y-o-y.

In **Asia**, margins moved the opposite direction relative to the other markets and trended downwards, as weakness from the middle section of the barrel hindered positive performances in Asian product markets. The reimplementation of lockdown measures in the northern hemisphere continued to keep overall fuel consumption and exports limited, and left Asian product volumes stranded with limited destinations, thus

contributing to deeper product imbalance within the region. Gasoline markets, on the other hand, showed positive performances in line with reports of improved Indian demand, however this support was completely offset by the weakness registered in the middle section of the barrel. Refinery margins for Oman lost 21¢ m-o-m to average 65¢/b in September, and were lower by \$6.18 y-o-y.

Refinery operations

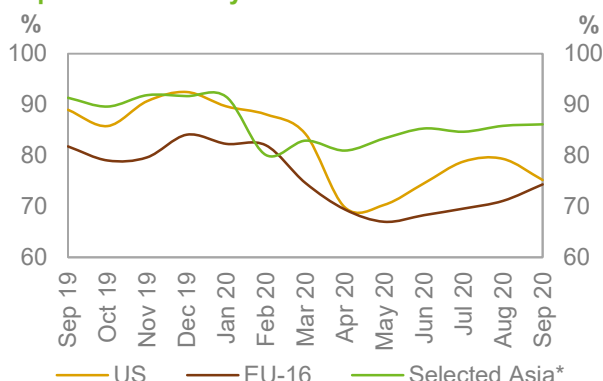
US refinery utilization rates fell, averaging 75.2%, which corresponds to a throughput of 14.0 mb/d. This represented a decline of 3.2 pp, while throughputs were 790 tb/d lower compared to the previous month. Y-o-y, the September refinery utilization rate was down by 14.9 pp, with throughputs down by 2.9 mb/d.

Euro-16 refinery utilization averaged 74.34% in September, corresponding to a throughput of 9.2 mb/d. This is a m-o-m increase of 3.2 pp, or 400 tb/d. Y-o-y, utilization rates decreased by 12.7 pp, and throughputs were down by 1.6 mb/d.

In **selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates increased, averaging 86.12% in September, which corresponds to a throughput of 24.4 mb/d.

Compared to the previous month, throughputs were only slightly up by 0.3 pp, or 80 tb/d. Meanwhile, y-o-y, they were down by 3.9 pp, which corresponds to a decline of 751 tb/d.

Graph 6 - 2: Refinery utilization rates



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

Product markets

US market

US gasoline crack spreads recovered some ground following a second consecutive month of considerable declines in gasoline stock levels contributed to a tighter gasoline market. The reductions in gasoline output due to refinery outages caused by Hurricane Laura's landfall in early September also sustained the premium over ultra-low sulphur diesel in the USGG on a barrel basis.

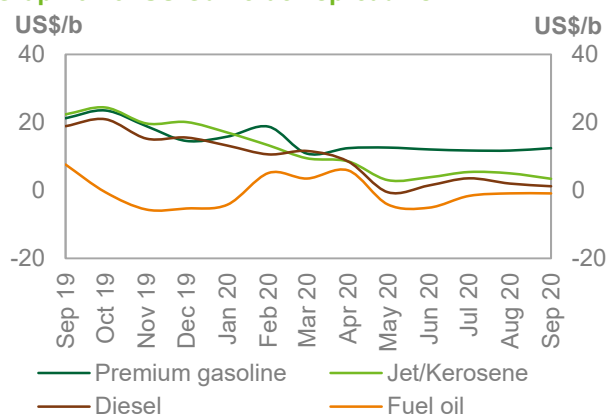
In September, gasoline crack spreads gained 71¢ m-o-m and averaged \$12.45/b. Compared with the previous year, gasoline crack spreads were down by \$8.78.

The USGC jet/kerosene crack spreads fell as the already slow recovery of jet fuel consumption from the aviation sector gained traction and inventory levels expanded. The US jet/kerosene crack spread against WTI averaged \$3.43/b, down by \$1.59 m-o-m, and by \$18.91 y-o-y.

US gasoil crack spreads lost ground in response to the prevailing diesel glut as gasoil inventories remained high compared to the previous year, despite lower refinery outputs. The US gasoil crack spread averaged \$1.25/b, down by 78¢ m-o-m and by \$17.62 y-o-y.

US high sulphur **fuel oil crack spreads** performed poorly as conversion margins on the feedstock eased versus crude alternatives, and relatively higher seasonal inventory levels exerted pressure on fuel oil markets. In September, the US high sulphur fuel oil crack spread averaged minus 89¢/b and remained flat m-o-m, while, relative to the previous year, they were lower by \$8.48.

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



Sources: Argus and OPEC.

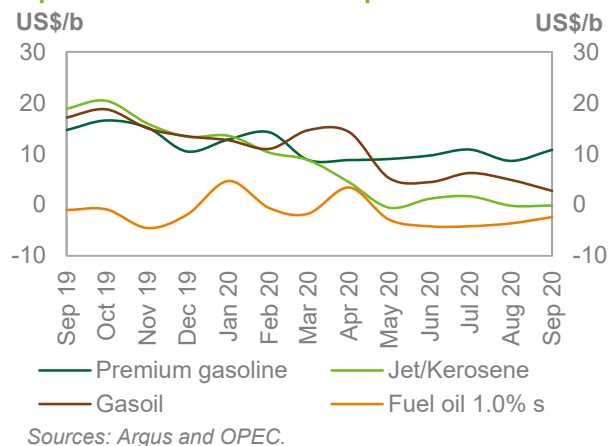
European market

Gasoline crack spreads trended upwards and showed sizeable gains backed by a supply contraction that lasted for much of September in the Mediterranean gasoline market, whereby flows from Northwest European refineries helped ease supply tightness in the market.

At the same time, gasoline imported into Nigeria was up slightly in September by around 74 tb/d relative to the previous month.

The gasoline crack spread averaged \$10.79/b in September, up by \$2.16 m-o-m but down by \$3.85 y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Jet/kerosene crack spreads weakened as more than 16 mb of jet fuel were reportedly still parked in European waters and the region's peak summer vacation period drew to an end with air traffic still lagging due to the COVID-19 pandemic. The Rotterdam jet/kerosene crack spread averaged minus 15¢/b, down by 3¢ m-o-m and by \$19.00 y-o-y.

European **gasoil crack spreads** fell to multi-year record lows in September amid prevailing COVID-19-related pressure on demand as well as stronger-than-expected ULSD volume arrivals from Russia exerted pressure on cracks. The resulting downturn in gasoil crack spreads over the month considerably widened the gasoil spread versus gasoline. The gasoil crack spread averaged \$2.78/b, which was lower by \$2.14 m-o-m and by \$14.36 y-o-y.

At the bottom of the barrel, **fuel oil 3.5% crack spreads** in Rotterdam saw losses of as HSFO cracks weakened slightly w-o-w. Weak clean product cracks are making conversion economics less favourable, which is likely pressuring HSFO prices as a feedstock, although the incentive is still better than refining most crudes, which will likely provide a floor for cracks. HSFO stock builds at the ARA hub, which were reported to have reached their highest level since late-July, further weighed on cracks. The fuel oil crack spread against Brent averaged minus \$4.32/b, which was higher by 81¢ m-o-m and was also up by \$9.44 y-o-y.

Asian market

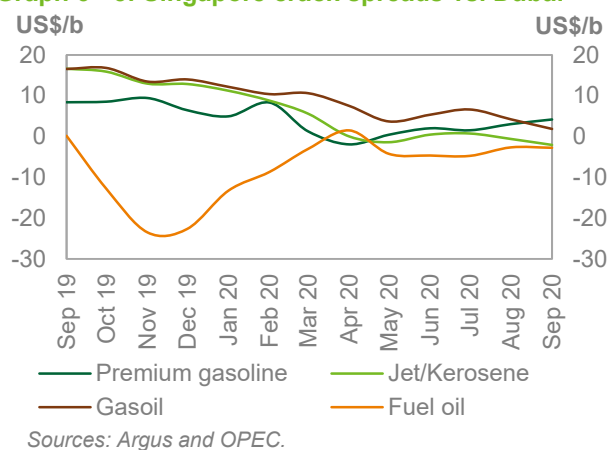
The Asian **gasoline 92 crack spread** against Dubai strengthened, backed by the loosening of lockdown restrictions, which led to stronger gasoline consumption and economic activity within the region.

In India, gasoline sales by state refiners in September saw their first annual growth since March, rising by 10.5% m-o-m and by 1.85% y-o-y, underpinned by a gradual lifting of coronavirus confinement measures. Moreover, Indian sales of passenger cars surged as motorists increasingly rely on personal vehicles to commute, although coronavirus cases continued to rise, and India suffers one of the highest infection rates in the world.

The Singapore gasoline crack spread against Oman averaged \$4.21/b in September, up by \$1.14 m-o-m but lower by \$4.23 y-o-y.

Singapore **naphtha crack spreads** trended upwards, supported by higher demand from the petrochemical sector, in line with a reported LPG deficit within the region in China. Delays of LPG deliveries from the US due to the Houston Shipping Channel closure from Sept. 20-23 and port delays led to a rally in the Asian LPG market, which has improved arbitrage economics for US cargoes.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Additionally, regional LPG demand is supported by forecasts for a harsh winter in North Asia, as well as a recovery in China and India, which drove propane and butane prices up to multi-month highs. LPG is used for power generation in winter and companies traditionally begin stockpiling from October, making LPG uneconomical versus naphtha as a cracker feedstock. This should continue to support naphtha markets in the coming month. The Singapore naphtha crack spread against Oman averaged \$1.74/b, up by \$2.55 m-o-m and by \$8.64 y-o-y.

In the middle of the barrel, the **jet/kerosene crack spreads** against Oman lost ground as air travel activities continued to be limited. Although Asian jet markets will find temporary support as Japan begins its winter kerosene stockpiling, weak flight demand could continue to drag on fundamentals. The Singapore jet/kerosene crack spread against Oman averaged minus \$2.08¢/b, down by \$1.47 m-o-m and by \$18.72 y-o-y.

The Singapore **gasoil crack spreads** weakened as markets for the same product remained oversupplied, with market conditions signalling further imbalances amid a deep contango in Europe, pointing to a very soft market in the near term. This could further suppress arbitrage incentives from current lows and ultimately discourage production. The Singapore gasoil crack spread against Oman averaged \$1.85/b, down by \$2.36 m-o-m, and lower by \$14.74 y-o-y.

The Singapore **fuel oil 3.5% crack spread** decreased, pressured by dwindling demand, following the peak summer air conditioning season in the Middle East. While flows from Singapore to Pakistan continued, the previous much larger flows to Saudi Arabia have dried up with no new cargoes departing since the week ended 27 August. Singapore's fuel oil cracks against Oman averaged minus \$2.78, down by 10¢ m-o-m and by \$2.92 y-o-y.

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

Event	Time frame	Asia	Europe	US	Observations
Winter season	Nov 20–Dec 20	↑ Limited positive impact on product markets	↑ Limited positive impact on product markets	↑ Limited positive impact on product markets	Recent forecasts of a colder winter in Europe should lend support to heating fuel markets, while in Asia, lower temperatures should help kerosene consumption and cracks.
Maintenance season	Sep 20–Oct 20	↑ Positive impact on product markets	↑ Positive impact on product markets	↑ Positive impact on product markets	Restricted product output could provide relief to the oversupplied environment and improve the product supply/demand balance. Bunker fuel markets will also be a strong beneficiary as product flows between regions tend to rise during peak maintenance.
COVID-19 (second wave)	Sep 20–Dec 20	↓ Negative impact on product markets	↓ Negative impact on product markets	↓ Negative impact on product markets	The potential for further lockdowns amid renewed concerns regarding the pandemic over the winter months could lead to an ongoing fuel glut and exert pressure on product markets.

Source: OPEC.

Table 6 - 2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				Refinery utilization, %			
	Jul 20	Aug 20	Sep 20	Change Sep/Aug	Jul 20	Aug 20	Sep 20	Change Sep/Aug
US	14.92	14.79	14.00	-0.79	78.82	79.34	75.19	-4.2 pp
Euro-16	8.63	8.81	9.21	0.40	69.59	71.11	74.34	3.2 pp
France	0.78	0.71	0.80	0.09	62.14	56.39	63.68	7.3 pp
Germany	1.70	1.74	1.78	0.03	77.56	79.66	81.25	1.6 pp
Italy	1.07	1.11	1.09	-0.01	52.10	54.11	53.46	-0.6 pp
UK	0.87	0.87	0.92	0.05	65.88	66.34	70.45	4.1 pp
Selected Asia*	23.99	24.31	24.40	0.08	84.68	85.83	86.12	0.3 pp

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

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

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

	2017	2018	2019	3Q19	4Q19	1Q20	2Q20	3Q20
Refinery crude throughput								
OECD Americas	19.11	19.31	18.97	19.54	18.83	18.27	14.92	17.12
of which US	16.90	17.31	16.99	17.42	16.85	16.36	13.65	14.57
OECD Europe	12.44	12.17	12.09	12.50	11.99	11.64	10.38	10.78
of which:								
France	1.17	1.10	1.00	1.06	0.82	0.65	0.58	0.76
Germany	1.91	1.80	1.78	1.83	1.83	1.80	1.67	1.74
Italy	1.40	1.35	1.35	1.48	1.33	1.22	0.99	1.09
UK	1.10	1.06	1.08	1.07	1.14	1.11	0.81	0.89
OECD Asia Pacific	7.04	6.98	6.79	6.76	6.61	6.64	5.43	5.73
of which Japan	3.22	3.11	3.02	3.03	2.97	2.94	2.23	2.29
Total OECD	38.59	38.46	37.84	38.80	37.42	36.55	30.73	33.63
China	11.35	12.03	12.98	12.95	13.68	11.97	13.76	14.05
India	4.79	4.89	5.03	4.96	5.08	5.09	3.86	3.95
Other Asia	4.84	5.11	4.98	4.88	4.93	5.46	4.05	4.52
Latin America	4.49	4.22	4.02	4.11	3.99	3.98	3.25	3.29
Middle East	6.89	6.97	6.87	6.95	6.58	6.08	5.60	5.82
Africa	2.24	2.24	2.28	2.32	2.40	2.39	1.90	2.00
Eurasia	7.37	7.64	7.65	7.93	7.76	7.64	6.71	7.07
of which Russian	5.59	5.72	5.70	5.89	5.83	5.88	5.10	5.26
of which Other Eurasia	1.77	1.92	1.95	2.04	1.93	1.76	1.61	1.81
Total Non-OECD	41.97	43.11	43.81	44.10	44.42	42.60	39.13	40.69
Total world	80.56	81.57	81.65	82.90	81.84	79.16	69.86	74.33

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

	Aug 20	Sep 20	Change Sep/Aug	Annual avg. 2019	Year-to-date 2020
US Gulf (Cargoes FOB)					
Naphtha*	41.27	40.25	-1.02	56.86	36.64
Premium gasoline (unleaded 93)	54.11	52.06	-2.05	79.66	51.41
Regular gasoline (unleaded 87)	51.02	48.63	-2.39	72.70	46.85
Jet/Kerosene	47.39	43.04	-4.35	79.32	45.91
Gasoil (0.2% S)	44.40	40.86	-3.54	74.61	43.99
Fuel oil (3.0% S)	40.08	35.97	-4.11	52.55	32.87
Rotterdam (Barges FoB)					
Naphtha	41.95	40.33	-1.62	55.71	37.60
Premium gasoline (unleaded 98)	53.41	51.37	-2.04	79.52	51.16
Jet/Kerosene	44.60	40.43	-4.17	80.22	45.09
Gasoil/Diesel (10 ppm)	49.70	43.36	-6.34	79.50	49.25
Fuel oil (1.0% S)	41.17	38.21	-2.96	60.15	39.49
Fuel oil (3.5% S)	41.49	39.05	-2.44	54.19	36.11
Mediterranean (Cargoes FOB)					
Naphtha	41.49	39.21	-2.28	54.48	35.83
Premium gasoline**	48.29	47.44	-0.85	71.36	44.73
Jet/Kerosene	42.56	37.51	-5.05	77.77	42.05
Diesel	49.54	43.10	-6.44	79.03	48.38
Fuel oil (1.0% S)	43.66	40.56	-3.10	63.42	42.48
Fuel oil (3.5% S)	38.20	34.92	-3.28	50.55	31.46
Singapore (Cargoes FOB)					
Naphtha	43.08	43.19	0.11	57.10	39.72
Premium gasoline (unleaded 95)	48.18	47.27	-0.91	72.45	45.89
Regular gasoline (unleaded 92)	46.96	45.66	-1.30	69.45	44.12
Jet/Kerosene	43.28	39.37	-3.91	77.26	43.98
Gasoil/Diesel (50 ppm)	49.31	44.07	-5.24	77.78	49.32
Fuel oil (180 cst)	41.21	38.67	-2.54	57.29	36.70
Fuel oil (380 cst 3.5% S)	40.60	37.98	-2.62	56.70	35.85

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

Sources: Argus and OPEC.

Tanker Market

Dirty tanker rates remained lethargic in September, as tonnage demand continued to be weak and the unwinding of floating storage increased availability. After three spectacular quarters in 2020, ship owners are expecting a slow fourth quarter for tanker demand and an uncertain outlook for the coming year.

Clean tanker rates provided the only bright spot in September, with rates picking up due to a surge in rates in the Mediterranean amid temporarily low tanker availability in the region at the start of the month.

Spot fixtures

Global spot fixtures declined m-o-m in September, falling by 0.4 mb/d, or close to 3%, m-o-m to average 13.8 mb/d. The decline comes as a build-up in inventories earlier in the year weighed on crude trade flows and as the impact on tonnage demand was further exacerbated by historic supply adjustments. Spot fixtures were some 5.7 mb/d, or 29%, lower than the same month last year.

Table 7 - 1: Spot fixtures, mb/d

	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
All areas	13.85	14.15	13.80	-0.35
OPEC	9.01	9.46	9.57	0.11
Middle East/East	5.37	5.66	5.83	0.17
Middle East/West	0.66	1.06	0.79	-0.27
Outside Middle East	2.98	2.74	2.95	0.21

Sources: Oil Movements and OPEC.

OPEC spot fixtures averaged 9.6 mb/d in September, edging up around 1% m-o-m, but still some 3.6 mb/d, or 27%, lower compared with the same month last year.

Fixtures from the **Middle East-to-East** picked up further in September, rising by 3%, or 0.2 mb/d, m-o-m to average 5.8 mb/d, amid continued strong inflows, particularly to China. Y-o-y, this represented decline of 2.3 mb/d, or 29%.

In contrast, **Middle East-to-West** fixtures dropped by 0.3 mb/d, or 26%, m-o-m in September, as refinery runs remain depressed in the Atlantic Basin due to high product inventories and some lingering storm disruptions. Fixtures on the route averaged 0.8 mb/d, down 0.3 mb/d, or 30% mb/d, compared with the same month last year.

Outside of the Middle East, fixtures rose by 0.2 mb/d, or 8%, m-o-m to average just under 3.0 mb/d. In annual terms, fixtures were down by 0.9 mb/d, or 23%.

Sailings and arrivals

OPEC sailings edged by less than 1% m-o-m, in September, averaging 20.1 mb/d, compared with a high in April of 25.5 mb/d. This slight increase was due to the return of some additional adjustments to the market, partly offset by compensatory reductions by other producers. Y-o-y, OPEC sailings were 4.3 mb/d, or 18%, lower.

Middle East sailings averaged 14.3 mb/d, representing a decline of 0.2 mb/d, which was more than 1% m-o-m, but a decline of 3.6 mb/d or just shy of 20% y-o-y.

Crude arrivals were mixed in September. Arrivals in West Asia saw the biggest m-o-m increase in percentage terms, rising by 0.2 mb/d, or around 4%, m-o-m to average 4.7 mb/d. Far East arrivals rose by 0.2 mb/d, or 2%, m-o-m to average 8.4 mb/d in September. North America led declines in September, falling by 3%, or 0.2 mb/d, m-o-m to average 7.7 mb/d, impacted by hurricane disruptions on top of already low refinery runs. Arrivals in Europe declined by less than 1%, or 0.1 mb/d, m-o-m to average just under 10 mb/d. Y-o-y, arrivals were 17% lower on the route.

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

	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
Sailings				
OPEC	19.65	19.99	20.06	0.07
Middle East	13.46	14.53	14.33	-0.20
Arrivals				
North America	7.86	7.85	7.65	-0.20
Europe	8.90	10.04	9.95	-0.09
Far East	9.22	8.24	8.42	0.18
West Asia	4.58	4.56	4.74	0.18

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

VLCC spot rates continued to edge lower in September, slipping by 8% m-o-m on average, as tonnage demand continued to be weak and the unwinding of floating storage increased availability. Preliminary indications point to a continued decline in October and a soft outlook for the final quarter of the year, after a very profitable first half of the year.

Rates on the **Middle East-to-East** route fell a further 8% m-o-m in September to average WS30 points. Y-o-y, rates were more than 50% lower compared with the same month last year.

The **Middle East-to-West** route was also 8% lower m-o-m to average WS21 points. Y-o-y, rates were 31% lower.

Rates also dropped on the **West Africa-to-East** route, decreasing by 7% m-o-m to average WS34 points and down 46% compared with September 2019.

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

	Size 1,000 DWT	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
VLCC					
Middle East/East	230-280	40	33	30	-3
Middle East/West	270-285	25	23	21	-2
West Africa/East	260	43	37	34	-3

Sources: Argus and OPEC.

Suezmax

Suezmax rates declined in September, with **average spot freight rates** dropping 19% m-o-m on average in September. Rates were 46% lower y-o-y. Suezmax demand remained muted during a period when activity normally starts to pick up due to seasonal factors.

On the **West Africa-to-US Gulf Coast** (USGC) route, Suezmax rates averaged WS32 points in September, down 23% from the month before. Y-o-y, rates were 53% lower than in September last year.

The **Northwest Europe (NWE)-to-USGC** route fell by 15% m-o-m to average WS32 points, representing a 36% decline from the same month last year.

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

	Size 1,000 DWT	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
Suezmax					
West Africa/US Gulf Coast	130-135	43	41	32	-10
Northwest Europe/US Gulf Coast	130-135	44	38	32	-6

Sources: Argus and OPEC.

Aframax

Aframax rates declined in September, down by 7% m-o-m, and lower by 47% y-o-y. Overall, activity remained sluggish, weighing on rates amid ample availability. The **Caribbean-to-US East Coast (USEC)** exhibited the largest m-o-m losses in percentage terms, declining by 18% to average WS57, some 58% lower y-o-y.

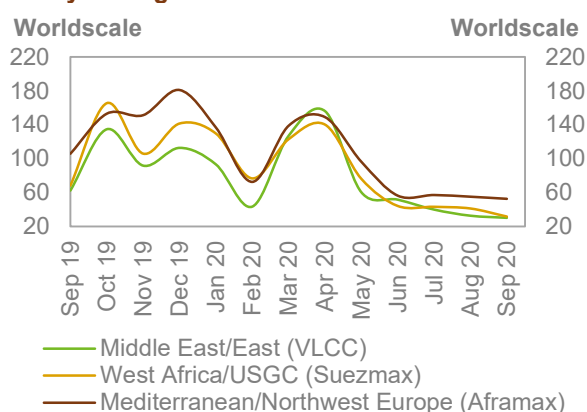
Table 7 - 5: Dirty Aframax spot tanker freight rates, WS

	Size 1,000 DWT	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
Aframax					
Indonesia/East	80-85	66	70	70	-1
Caribbean/US East Coast	80-85	72	69	57	-13
Mediterranean/Mediterranean	80-85	63	60	57	-3
Mediterranean/Northwest Europe	80-85	57	55	53	-3

Sources: Argus and OPEC.

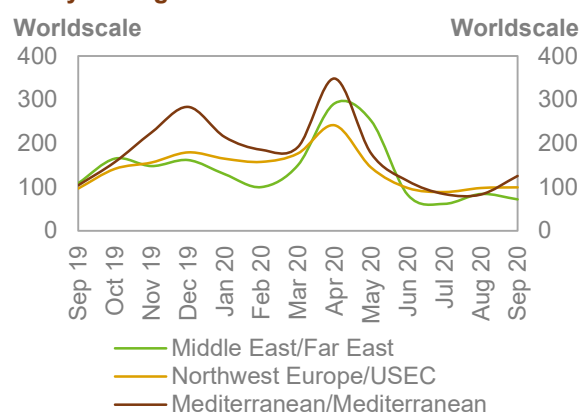
The **Mediterranean-to-NWE** route declined by 5% m-o-m to average WS53, while the **Cross-Med** route fell a similar 5% m-o-m to average WS57. Y-o-y, rates were around 50% lower on both routes. The **Indonesia-to-East** route edged down 1% m-o-m in September to average WS70 and was 24% lower y-o-y.

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



Sources: Argus and OPEC.

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



Sources: Argus and OPEC.

Clean tanker freight rates

Clean spot freight rates were the only bright spot in September, showing a 16% improvement m-o-m, while still remaining 7% below the same month last year.

Gains were due solely to clean spot freight rates **West of Suez**, where they were up 32% m-o-m in September and were 15% higher y-o-y. Rates on the **Cross-Med** and **Med-to-NWE** routes jumped 52% and 45% m-o-m to average WS125 and WS135 points, respectively, due to low availability in the region early in the month. Meanwhile, rates on the **NWE-to-USEC** route contributed a slight gain of 2% m-o-m to average WS99 points.

In contrast, clean tanker spot freight rates **East of Suez** dropped by 8% m-o-m in September 2020 and were 35% lower compared with September 2019. The **Middle East-to-East** route declined by 15% m-o-m to average WS72 points. The **Singapore-to-East** route edged down by 2% m-o-m to average WS90. Y-o-y, rates on the route were 35% lower.

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

	Size 1,000 DWT	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
East of Suez					
Middle East/East	30-35	62	84	72	-12
Singapore/East	30-35	89	92	90	-2
West of Suez					
Northwest Europe/US East Coast	33-37	88	98	99	2
Mediterranean/Mediterranean	30-35	84	83	125	43
Mediterranean/Northwest Europe	30-35	94	93	135	42

Sources: Argus and OPEC.

Crude and Refined Products Trade

Preliminary data shows US crude imports continued to slide, averaging 5.2 mb/d in September, the lowest since 1992. US crude exports recovered in September from a decline the month before, to average 3.0 mb/d.

Japan's crude imports showed a recovery, averaging 2.4 mb/d in August, up from a low of 1.9 mb/d in June 2020 but well below the recent 3.1 mb/d peak in March 2020. Product imports also remained relatively healthy in August, up 11% m-o-m. Naphtha inflows increased as refiners preferred imports over increased refinery runs amid high distillate stocks.

China's crude imports have come back down from the spectacular levels seen in June and July, averaging 11.2 mb/d in August. Product imports improved but remained below the inflated levels observed in May and June, averaging 1.3 mb/d in August. Product exports returned above 1 mb/d in August, with gasoil and fuel oil outflows increasing from the low levels seen in the previous month.

Following seven months of consecutive declines, India's crude imports increased in August, averaging 3.6 mb/d, as refiners returned to the market after drawing down high inventories in the previous two months. However, refinery runs and product demand remain weak amid continued lockdown measures.

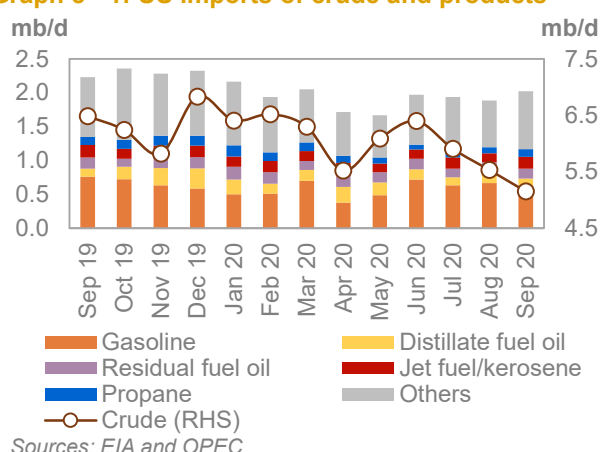
US

Preliminary data shows **US crude imports** fell for the third consecutive month in September, averaging 5.2 mb/d, the lowest since 1992. Crude imports declined 0.4 mb/d m-o-m and were 1.3 mb/d lower than the same month last year.

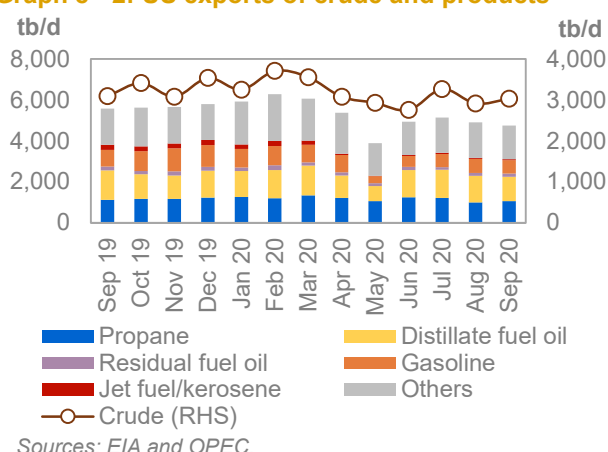
US crude exports recovered in September after declining the month before. Crude outflows averaged 3.0 mb/d in September, an increase of 0.1 mb/d m-o-m, supported by continued Asian buying. Crude outflows were around 0.1 mb/d lower than in the same month last year, which was prior to a ramp up in export capacity in the US Gulf.

The latest monthly data for crude flows by destination shows continued strong buying levels by China in July, keeping the country as the **top destination** for US crude exports for the third month in a row. In July, US crude exports to China averaged 0.6 mb/d ahead of Canada's 0.4 mb/d.

Graph 8 - 1: US imports of crude and products



Graph 8 - 2: US exports of crude and products



As a result, **US net crude imports** averaged 2.1 mb/d in September, a decline of close to 0.5 mb/d, or 19% compared with the previous month. Y-o-y, US net crude imports were almost 1.3 mb/d, or 31% lower than the first nine months of last year.

On the product side, preliminary data shows **US product imports** increased 8% m-o-m in September to average 2.0 mb/d. Gains were driven by increase demand for refinery feedstock. Compared to the same month last year, US product imports were 0.2 mb/d, or around 9% lower.

US product exports averaged 4.7 mb/d in September, representing a m-o-m decline of about 0.2 mb/d, or around 3%. Product exports were still 0.8 mb/d, or 15%, lower than the same month last year.

Crude and Refined Products Trade

As a result, **US net product exports** averaged 2.7 mb/d in September, compared to 3.0 mb/d in the previous month and almost 3.4 mb/d in September 2019, representing reduced activity due to COVID-19 restrictions.

Preliminary data indicates that the US remained a total **net crude and product** exporter for the third month in a row in September with net outflows of 0.6 mb/d.

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

US	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
Crude oil	2,639	2,616	2,124	-492
Total products	-3,205	-3,021	-2,722	299
Total crude and products	-566	-405	-598	-193

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

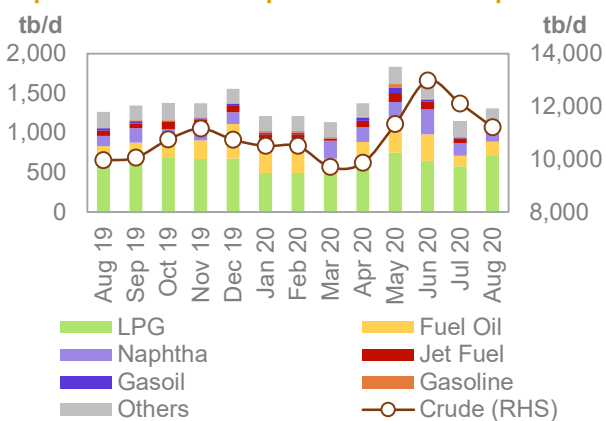
Sources: EIA and OPEC.

China

China's **crude imports** have come back down from the spectacular levels seen in June and July, averaging 11.2 mb/d in August. This represented a 0.9 mb/d decline m-o-m, but were some 1.3 mb/d higher than the same month last year. Year-to-date, China's crude imports averaged 11.0 mb/d in the first eight months of the year, compared to the 10 mb/d average in the same period last year. China has experienced a surge in imports since May 2020, when inflows broke above 11 mb/d for the first time, peaking at 13.0 mb/d in June. Preliminary estimates show levels remaining high – and even increasing in monthly terms – in September, with some drop off likely over the remainder of the year.

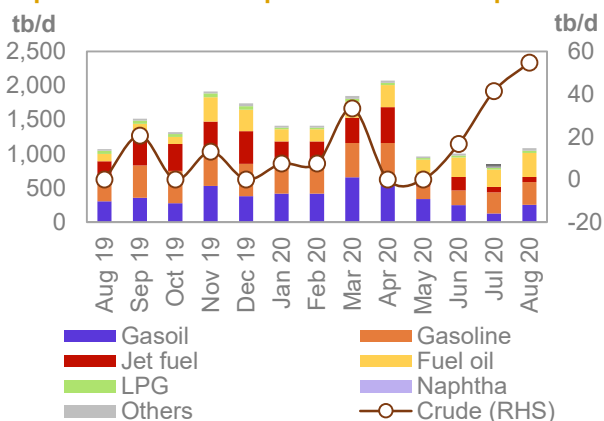
Russia remained the top **crude supplier** to China in August, with a share of 12%, representing almost 1.4 mb/d in imports. Saudi Arabia was second with 1.2 mb/d, an 11% share, followed by the Iraq with 1.1 mb/d and then the UAE with 1.0 mb/d. Imports from the US averaged 0.5 mb/d in August, down from 0.9 mb/d the month before, although more than double the level seen in the same month last year.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

Product imports improved but remained below the inflated levels of May and June, averaging 1.3 mb/d in August, an increase of 0.2 mb/d m-o-m. Y-o-y, product imports were only marginally higher. Gains were driven by an increase in imports of LPG, which is used as a transportation fuel in China. Fuel oil imports rose m-o-m as well, but were still sluggish compared to last year's levels.

Product exports averaged 1.1 mb/d in August, after falling to a multi-year low the previous month. Product outflows rose 0.2 mb/d and were marginally higher than the levels seen in the same month last year. Gasoil levels edged up from the exceptionally low levels of the month before, while gasoline and fuel oil exports constituted the bulk of the country's product exports.

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

China	Jun 20	Jul 20	Aug 20	Change Aug 20/Jul 20
Crude oil	12,959	12,070	11,157	-913
Total products	646	303	223	-80
Total crude and products	13,606	12,373	11,380	-993

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

Sources: China, Oil and Gas Petrochemicals and OPEC.

As a result, China remained a **net product importer** for the fourth-month in a row in August, with net imports of 0.2 mb/d. This compared to net imports of 0.3 mb/d the month before and 0.2 mb/d in August 2019.

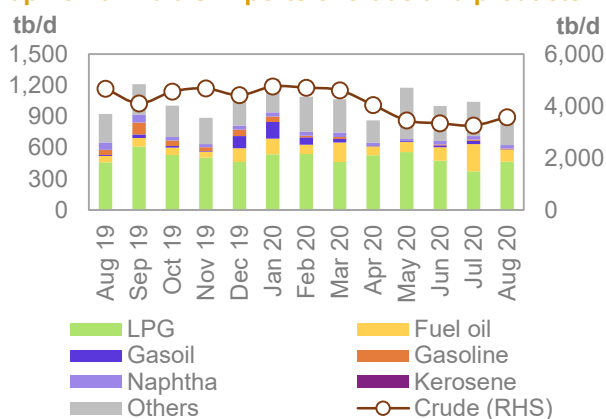
India

India's **crude imports** averaged 3.6 mb/d in August, representing an almost 10% recovery following a string of seven-consecutive monthly declines. The increase came as the country's refiners returned to the market to replace inventories, which have been drawn down in recent months. Crude imports were still just over 1.0 mb/d, or 23%, lower y-o-y.

India's **product imports** declined 0.1 mb/d m-o-m to average 0.9 mb/d in August, but remained broadly in line with the level seen in the same month last year. Fuel oil inflows fell back from the previous month's strong levels. LPG imports, however, recovered from the declines seen in previous months.

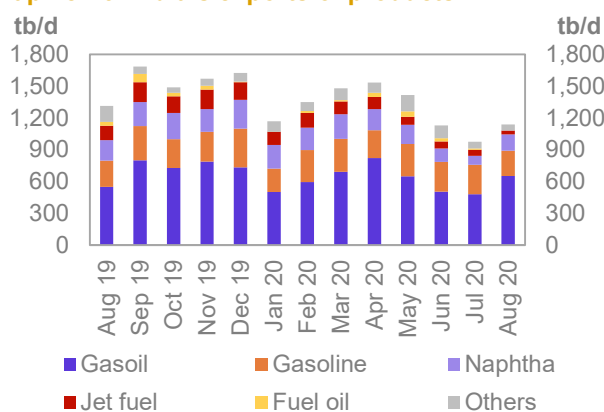
India's **product exports** averaged 1.1 mb/d in August, representing an increase of 0.2 mb/d m-o-m. Gains were driven by a rise in diesel exports, although some of these flows were more to ease high domestic inventory levels for the product given the global imbalance in the distillate market. Product exports were 0.2 mb/d lower than the same month last year. However, some easing of restrictions boosted domestic gasoline sales in the latter part of August, providing a local market for Indian refiners.

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.

After registering net imports in July, India returned again to be **net product exporter**, averaging 0.2 mb/d in August.

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

India	Jun 20	Jul 20	Aug 20	Change Aug 20/Jul 20
Crude oil	3,337	3,255	3,578	323
Total products	-128	66	-222	-288
Total crude and products	3,209	3,321	3,356	35

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.

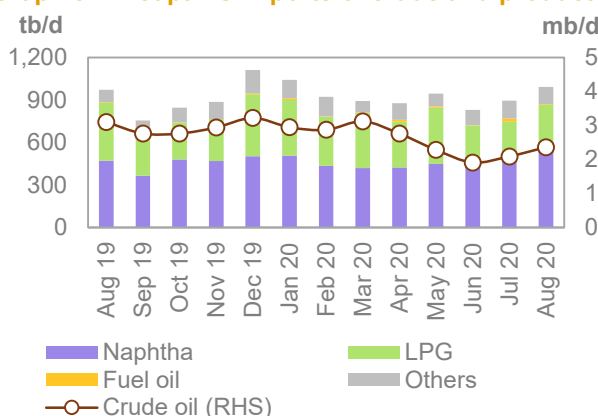
Japan

Japan's crude imports picked up for the second month in August, continuing to recover from the plunge in crude inflows seen in 2Q20. The country's crude imports averaged 2.4 mb/d in August, up 0.3 mb/d or 13% from the previous month, but were still some 0.7 mb/d or 24% lower than the same month last year. However, y-t-d, crude imports were still 0.5 mb/d, or 17%, lower.

Saudi Arabia remained the **top crude supplier** to Japan in August, averaging 1.1 mb/d, representing a share of 45%. The UAE stood in second place with a share of around 25%, followed by Kuwait with around 9%.

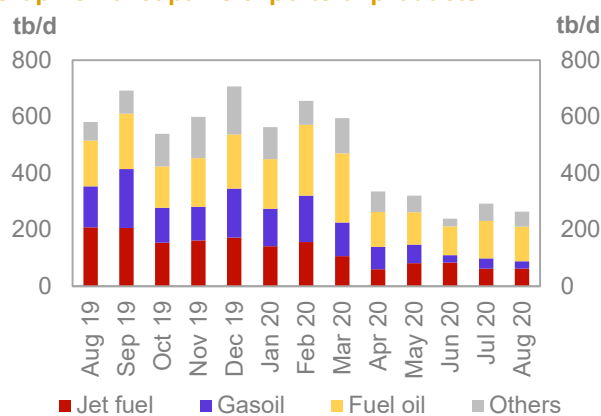
Product imports to Japan, including LPG, increased for the third-month in a row in August to average just under 1.0 mb/d. This represented a gain of 11% m-o-m, driven by higher naphtha inflows. Total product imports were 2% higher than year-ago levels.

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



Sources: METI and OPEC.

Graph 8 - 8: Japan's exports of products



Sources: METI and OPEC.

Product exports, including LPG, continued to hover at low levels, averaging 0.3 mb/d in August, representing a 10% drop compared to the previous month. Gasoil and jet fuel exports continued to languish considerably below the levels seen in the same month last year.

As a consequence, Japan's **net product imports** averaged 730 tb/d in August, up 21% m-o-m and close to double the levels of the same month last year.

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

Japan	Jun 20	Jul 20	Aug 20	Change Aug 20/Jul 20
Crude oil	1,911	2,090	2,361	271
Total products	590	604	730	125
Total crude and products	2,501	2,694	3,090	396

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

Sources: METI and OPEC.

OECD Europe

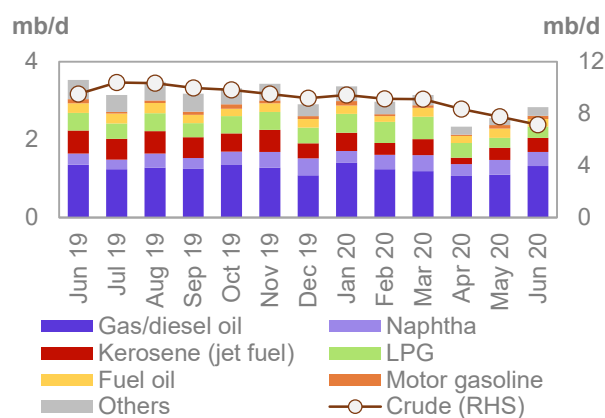
The latest available data shows **OECD Europe crude imports** hit a more than 15-year low in June amid sluggish demand due to reduced activities and already high inventories. OECD Europe crude imports, excluding intra-regional trade, averaged 7.1 mb/d in June, representing a decline of 0.6 mb/d m-o-m and a massive drop of 2.4 mb/d y-o-y. The decline came amid lockdown disruptions, which kept a lid on refinery demand, and as inventory levels remained high. However, tanker tracking estimates show imports rising in more recent months.

OECD Europe crude exports, excluding intra-regional trade, remained volatile on intermittent buying by Chinese refiners. OECD Europe crude outflows averaged 0.6 mb/d compared to 0.4 mb/d in the previous month, while exports were 25%, or 0.1 mb/d, higher y-o-y.

OECD Europe **net crude imports** averaged 6.6 mb/d in June, a decline of 0.8 mb/d, or 11%, m-o-m and a considerable drop of 2.5 mb/d, or 28%, compared to the same month last year.

OECD Europe **product imports** averaged 2.8 mb/d in June, representing an increase of 0.3 mb/d, or 11%, m-o-m. The gains were driven by gasoil, which increased to a five-month high, as well as an improvement from very low levels of jet inflows. Y-o-y, product imports were 0.7 mb/d or almost 20% lower.

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



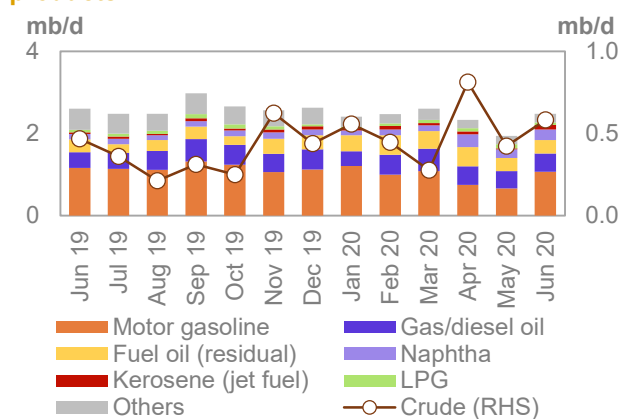
Sources: IEA and OPEC.

Product exports averaged 2.5 mb/d in June, an increase of 0.5 mb/d, or more than 27%, from the previous month and some 0.1 mb/d lower than in June 2019. The increase was mainly driven by higher gasoline inflows.

As a result, **OECD Europe net product imports** averaged 0.4 mb/d in June, down from 0.6 mb/d the month before and 0.9 mb/d in June 2019.

Combined, **net crude and product imports** averaged 6.9 mb/d in June, compared to 7.9 mb/d the month before and almost 10 mb/d in the same month last year.

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



Sources: IEA and OPEC.

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

OECD Europe	Apr 20	May 20	Jun 20	Change Jun 20/May 20
Crude oil	7,532	7,332	6,554	-778
Total products	-4	609	357	-252
Total crude and products	7,528	7,941	6,911	-1,030

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

Sources: IEA and OPEC.

Eurasia

Total crude oil exports from Russia and Central Asia continued to move higher in August from June's low levels. Crude exports from the region rose 3%, or 0.3 mb/d, to average 5.8 mb/d in August. However, total crude exports were 1.4 mb/d, or 20% lower, than the same month last year, due to the ongoing production adjustments carried out in June.

Crude exports through the **Transneft system** also moved higher in August, up 9% or 0.3 mb/d m-o-m to average 3.4 mb/d. Compared to the same month last year, exports were down 1.0 mb/d or 23%.

Total shipments from the Black Sea increased 18 tb/d m-o-m, or around 6%, to average 322 tb/d in August. In contrast, total Baltic Sea exports jumped 301 tb/d m-o-m to average 0.9 mb/d in August, with shipments from Primorsk up 54% to 162 tb/d and Ust-Luga exports rose 50% or 139 tb/d. Meanwhile, shipments via the Druzhba pipeline edged up 3% m-o-m to average 927 tb/d in August. Kozmino shipments increased 9% m-o-m to average 603 tb/d. Exports to China via the ESPO pipeline averaged 635 tb/d in August, unchanged from the previous month.

In the **Lukoil system**, exports via the Barents Sea declined 17% to 82 tb/d in August, while those from the Baltic Sea were unchanged.

On other routes, **Russia's Far East** exports declined by 1% m-o-m to average 327 tb/d, representing a decline of 6% compared to August last year.

Central Asia's total exports averaged 208 tb/d in August, a 5% increase compared to the previous month but a decline of 5% y-o-y.

Black Sea total exports were broadly unchanged at 1.2 mb/d m-o-m in August, with an increase in the Novorossiysk port terminal (CPC) offsetting a decline at the Supsa port terminal.

Total product exports from Russia and Central Asia were broadly steady in August at 2.4 mb/d m-o-m. Declines in fuel oil, naphtha and gasoline offset an increase in VGO and gasoil. Y-o-y, total product exports were 0.6 mb/d, or 20% lower, in August.

Commercial Stock Movements

Preliminary August data sees total OECD commercial oil stocks down m-o-m by 20.7 mb. At 3,204 mb, they were 226.8 mb higher than the same time one year ago and 219.3 mb above the latest five-year average. Within the components, crude stocks declined m-o-m by 30.2 mb, while product stocks increased m-o-m by 9.4 mb.

In terms of days of forward cover, OECD commercial stocks fell m-o-m by 1.3 days in August to stand at 71.9 days. This was 9.6 days above the August 2019 level, and 9.1 days above the latest five-year average.

Preliminary data for September showed that total US commercial oil stocks fell m-o-m by 9.1 mb to stand at 1,419.1 mb, which is 115.1 mb above the same month a year ago, and 116.4 mb higher than the latest five-year average. Crude and product stocks fell m-o-m by 5.5 mb and 3.7 mb, respectively.

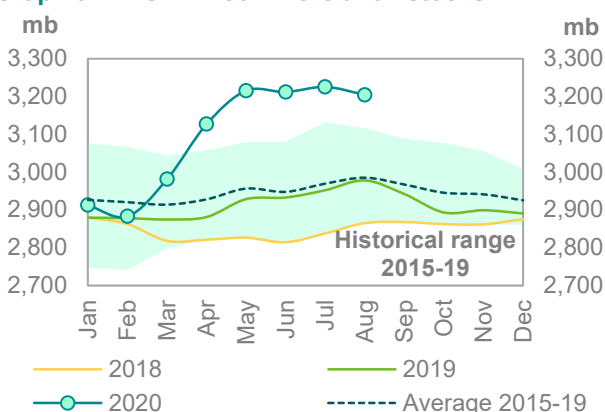
OECD

Preliminary August data sees **total OECD commercial oil stocks** down m-o-m by 20.7 mb. At 3,204 mb, they were 226.8 mb higher than the same time one year ago and 219.3 mb above the latest five-year average.

Within the components, crude stocks declined m-o-m by 30.2 mb, while product stocks increased m-o-m by 9.4 mb. Commercial oil stocks in August rose m-o-m in OECD Asia Pacific but fell in OECD Americas and OECD Europe.

OECD **commercial crude stocks** fell in August by 30.2 mb to stand at 1,550 mb, which is 83.4 mb higher than the same time a year ago and 78.1 mb above the latest five-year average.

Graph 9 - 1: OECD commercial oil stocks



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

Compared with the previous month, OECD Americas and OECD Europe crude stocks in August fell by 20.9 mb and 9.8 mb, respectively, while OECD Asia Pacific crude stocks rose slightly by 0.5 mb.

In contrast, OECD **total product inventories** rose m-o-m by 9.4 mb in August to stand at 1,654 mb, which is 143.4 mb above the same time a year ago and 141.3 mb higher than the latest five-year average. Within the OECD regions, product stocks in the Americas and Europe increased by 3.2 mb and 1.6 mb, respectively. Product stocks in the Asia Pacific also rose m-o-m by 4.6 mb.

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 1.3 days in August to stand at 71.9 days, which is 9.6 days above the August 2019 level and 9.1 days above the latest five-year average.

Within the OECD regions in August, the Americas were 6.9 days above the latest five-year average at 68.9 days; Europe was 14.3 days higher than the latest five-year average at 83.3 days; and Asia Pacific was 6.1 days above the latest five-year average at 60.7 days.

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

	Aug 19	Jun 20	Jul 20	Aug 20	Change Aug 20/Jul 20
OECD stocks					
Crude oil	1,466	1,580	1,580	1,550	-30.2
Products	1,511	1,632	1,645	1,654	9.4
Total	2,977	3,211	3,225	3,204	-20.7
Days of forward cover	62.3	74.1	73.2	71.9	-1.3

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

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

OECD Americas

OECD Americas total commercial stocks fell by 17.7 mb m-o-m in August to settle at 1,687 mb, which is 128.6 mb above the same month last year and 123.5 mb higher than the latest five-year average.

Commercial crude oil stocks in OECD Americas fell by 20.9 mb m-o-m in August to stand at 852 mb, which is 58.0 mb higher than August 2019 and 53.9 mb above the latest five-year average. The fall was driven by lower US crude imports, which decreased by 0.3 mb/d m-o-m to 15.5 mb/d. Higher crude exports also supported the draw in crude stocks.

Total product stocks in OECD Americas rose m-o-m by 3.2 mb in August, the sixth consecutive monthly rise, to stand at 835 mb. This was 70.6 mb higher than the same month one year ago and 69.6 mb above the latest five-year average. Lower regional consumption was behind the build.

OECD Europe

OECD Europe's total commercial stocks fell m-o-m by 8.1 mb in August to end the month at 1,101 mb, which is 100.1 mb higher than the same time a year ago and 108.7 mb above the latest five-year average.

OECD Europe's **commercial crude stocks** fell m-o-m by 9.8 mb in August to end the month at 469 mb, which is 22.4 mb higher than the level one year ago and 41.1 mb above the latest five-year average. The fall in August's crude oil inventories came on the back of higher refinery throughputs m-o-m in the EU-16, which increased by 190,000 b/d to stand at 8.81 mb/d.

OECD Europe's **commercial product stocks** rose m-o-m by 1.6 mb to end August at 632 mb, which is 77.7 mb higher than the same time a year ago and 67.6 mb above the latest five-year average. The build came on the back of weakening demand in the region.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks rose m-o-m by 5.1 mb in August to stand at 417 mb, which is 1.9 mb lower than a year ago and 12.9 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** rose slightly by 0.5 mb m-o-m to end August at 229 mb, which is 3.0 mb higher than one year ago, but 16.9 mb below the latest five-year average.

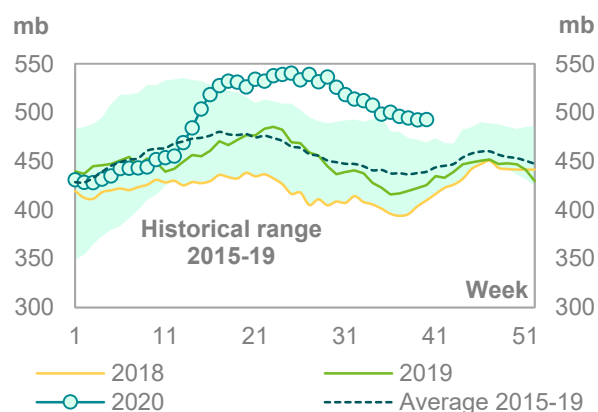
OECD Asia Pacific's **total product inventories** rose by 4.6 mb m-o-m to end August at 188 mb, which is 4.9 mb lower than the same time a year ago, but 4.1 mb above the latest five-year average.

US

Preliminary data for September showed that **total US commercial oil stocks** fell m-o-m by 9.1 mb to stand at 1,419.1 mb, which is 115.1 mb, or 8.8%, above the same month a year ago, and 116.4 mb, or 8.9%, higher than the latest five-year average. Crude and product stocks fell m-o-m by 5.5 mb and 3.7 mb, respectively.

US **commercial crude stocks** fell by 5.5 mb in September to stand at 492.9 mb, which is 67.3 mb, or 15.8%, above the same month last year, and 50.4 mb, or 11.4%, above the latest five-year average. The fall was driven mainly by lower crude imports, which fell by around 0.4 mb/d m-o-m to stand at 5.3 mb/d. Lower crude runs in September limited a further drop in crude oil commercial stocks.

Graph 9 - 2: US weekly commercial crude oil inventories



Sources: EIA and OPEC.

Total product stocks in September also fell m-o-m, dropping by 3.7 mb, to stand at 926.2 mb, which is 53.4 mb, or 6.1%, above September 2019 levels and 70.2 mb, or 8.2%, above the latest five-year average. Within the components, the picture was mixed; gasoline, distillates and residual fuel oil stocks registered stock draws, while propylene and other unfinished products experienced stock builds.

Commercial Stock Movements

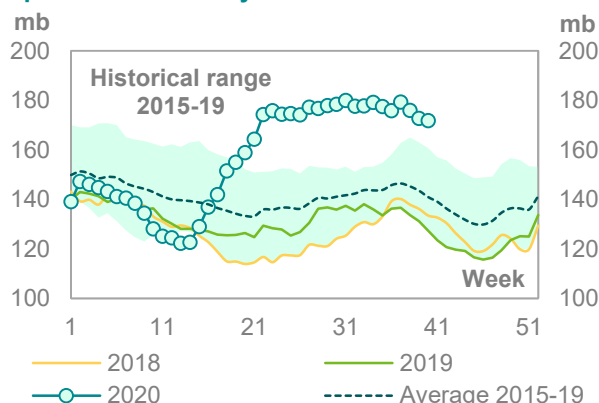
Gasoline stocks fell in September by 8.1 mb m-o-m to settle at 226.7 mb, which is 5.3 mb, or 2.3%, lower than the same month last year, and 2.9 mb, or 1.3%, less than the latest five-year average. The monthly stock draw came mainly on the back of lower gasoline production, which decreased by more than 200 tb/d to average 9.14 mb/d. Lower September gasoline demand limited further declines in gasoline stocks.

Distillate stocks fell m-o-m by 5.7 mb in September to stand at 171.8 mb, which is 40.0 mb, or 30.3%, higher than the same month a year ago, and 28.4 mb, or 19.8%, above the latest five-year average. The fall was driven by lower distillate production, which decreased by around 320 tb/d to stand at 4.44 mb/d.

Residual fuel oil stocks also fell m-o-m in September, dropping by 3.9 mb. At 32.3 mb, this was 2.3 mb, or 7.6%, higher than the same month a year ago, but 2.3 mb, or 6.5%, below the latest five-year average.

Jet fuel remained unchanged m-o-m, ending September at 39.6 mb, which is 4.7 mb, or 10.1%, lower than the same month last year, and 4.4 mb, or 10.1%, below the latest five-year average.

Graph 9 - 3: US weekly distillate inventories



Sources: EIA and OPEC.

Table 9 - 2: US commercial petroleum stocks, mb

	Sep 19	Jul 20	Aug 20	Sep 20	Change Sep 20/Aug 20
US stocks					
Crude oil	425.6	519.3	498.4	492.9	-5.5
Gasoline	232.0	249.3	234.9	226.7	-8.1
Distillate fuel	131.8	177.6	177.5	171.8	-5.7
Residual fuel oil	30.0	36.3	36.2	32.3	-3.9
Jet fuel	44.3	41.0	39.6	39.6	0.0
Total products	872.8	931.7	929.9	926.2	-3.7
Total	1,304.0	1,451.0	1,428.3	1,419.1	-9.1
SPR	644.8	656.1	648.2	642.0	-6.2

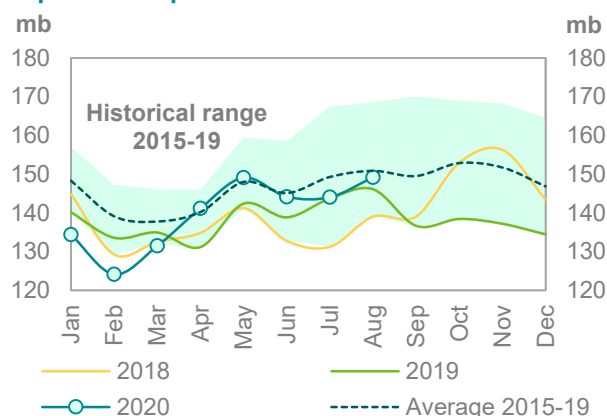
Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** rose m-o-m in August by 5.1 mb to settle at 149.2 mb, which is 3.0 mb, or 2.1%, higher than the same month last year, but 1.7 mb, or 1.1%, below the latest five-year average. Crude and product stocks rose m-o-m by 0.5 mb and 4.6 mb, respectively.

Japanese **commercial crude oil stocks** rose in August to stand at 84.0 mb, which is 3.0 mb, or 3.7%, above the same month a year ago, but 1.2 mb, or 1.4%, lower than the latest five-year average. The build came on the back of higher crude imports, which increased by around 270 tb/d to average 2.4 mb/d. Higher refinery crude runs, which increased by around 270 tb/d to average 2.38 mb/d, limited further builds.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

Japan's **total product inventories** also rose by 4.6 mb m-o-m to end August at 65.2 mb, which is 0.1 mb, or 0.1%, higher than the same month last year, but 0.5 mb, or 0.7%, below the latest five-year average. All products showed stocks builds with the exception of residual fuel oil stocks, which remained unchanged when compared to the previous month.

Gasoline stocks rose m-o-m by 0.2 mb to stand at 12.2 mb in August. This was 2.1 mb, or 20.8%, higher than a year ago, and 2.1 mb, or 20.5%, above the latest five-year average. The build in gasoline stocks was driven by higher gasoline production, which increased by 9.3%.

Distillate stocks also rose by 3.8 mb m-o-m to end August at 32.4 mb, which is 1.0 mb, or 3.2%, higher than the same month a year ago, and 0.8 mb, or 2.7%, above the latest five-year average. Within distillate components, kerosene and gasoil stocks increased m-o-m by 25.9% and 8.2%, respectively, while jet fuel oil stocks fell by 6.7%.

Total residual fuel oil stocks remained unchanged in August to stand at 12.3 mb, which is 0.1%, lower than the same month last year, and 1.2 mb, or 8.8%, below the latest five-year average. Within the components, fuel oil A stocks rose by 5.1%, while fuel oil B.C stocks fell by 2.6%.

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

	Aug 19	Jun 20	Jul 20	Aug 20	Change Aug 20/Jul 20
Japan's stocks					
Crude oil	81.0	83.5	83.5	84.0	0.5
Gasoline	10.1	11.6	12.0	12.2	0.2
Naphtha	11.4	9.4	7.7	8.3	0.6
Middle distillates	31.4	27.3	28.6	32.4	3.8
Residual fuel oil	12.3	12.4	12.3	12.3	0.0
Total products	65.1	60.7	60.6	65.2	4.6
Total**	146.1	144.2	144.1	149.2	5.1

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

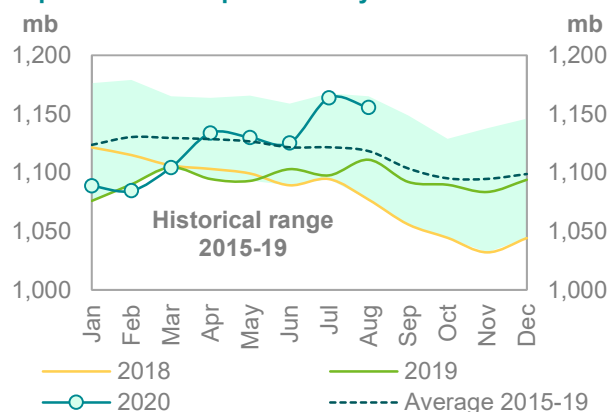
Sources: METI and OPEC.

EU-15 plus Norway

Preliminary data for August showed that **total European commercial oil stocks** fell by 8.1 mb m-o-m, reversing the last monthly build. At 1,155 mb, they were 44.4 mb, or 4.0%, above the same month a year ago, and 37.1 mb, or 3.3%, higher than the latest five-year average. Crude stocks declined by 9.8 mb, while product stocks rose m-o-m by 1.6 mb.

European **crude inventories** fell in August to stand at 495 mb, which is 8.6 mb, or 1.8%, higher than the same month a year ago, and 11.5 mb, or 2.4%, higher than the latest five-year average. The fall in August crude oil inventories came on the back of higher refinery throughputs m-o-m in the EU-16, which increased by 190,000 b/d to stand at 8.81 mb/d.

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



Sources: Argus, Euroilstock and OPEC.

In contrast, European **total product stocks** rose m-o-m by 1.6 mb to end August at 661 mb, which is 35.8 mb, or 5.7%, higher than the same month a year ago, and 25.6 mb, or 4.0%, above the latest five-year average. The build was attributed to the demand decline in the region during August.

Gasoline stocks fell m-o-m by 0.3 mb in August to stand at 115 mb, which is 7.3 mb, or 6.8%, higher than the level registered the same time a year ago, and 6.7 mb, or 6.1%, above the latest five-year average.

Distillate stocks also fell m-o-m by 0.2 mb in August to stand at 441 mb, which is 15.0 mb, or 3.5%, higher than the same month last year, and 8.7 mb, or 2.0%, higher than the latest five-year average.

Naphtha stocks also dropped m-o-m by 0.4 mb in August, ending the month at 30.0 mb, which is 4.0 mb, or 15.4%, above the August 2019 level, and 4.5 mb, or 17.7%, higher than the latest five-year average.

In contrast, **residual fuel stocks** rose m-o-m by 2.5 mb in August to 75.0 mb, which is 9.5 mb, or 14.5%, higher than the same month one year ago, and 5.7 mb, or 8.3%, above the latest five-year average.

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

	Aug 19	Jun 20	Jul 20	Aug 20	Change Aug 20/Jul 20
EU stocks					
Crude oil	486.3	486.9	504.7	494.9	-9.8
Gasoline	107.9	116.6	115.4	115.2	-0.3
Naphtha	25.8	30.8	30.1	29.7	-0.4
Middle distillates	425.8	422.0	441.1	440.9	-0.2
Fuel oils	65.4	69.0	72.4	74.8	2.5
Total products	624.8	638.4	659.0	660.6	1.6
Total	1,111.1	1,125.3	1,163.6	1,155.5	-8.1

Sources: Argus, Euroilstock and OPEC.

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

Singapore

At the end of August, **total product stocks in Singapore** fell by 1.8 mb m-o-m for the third consecutive month to stand at 51.9 mb, which is 8.3 mb, or 19.0%, higher than the same month a year ago. Within products, light distillates and fuel oil stocks registered draws, while middle distillates experienced stock builds.

Light distillate stocks fell m-o-m in August by 2.1 mb to stand at 13.9 mb, which is 2.6 mb, or 23%, higher than the same month one year ago.

Residual fuel oil stocks fell by 1.3 mb, ending the month of August at 22.5 mb, which is 1.3 mb, or 6.1%, higher than in August 2020.

In contrast, **middle distillate stocks** rose by 1.6 mb in August to stand at 15.5 mb, which is 4.4 mb, or 39.6%, higher than in August 2019.

ARA

Total product stocks in ARA fell m-o-m by 1.0 mb in August for the third consecutive month to stand at 48.8 mb, which is 3.6 mb, or 8.0%, higher than the same month a year ago.

Gasoline stocks in August rose m-o-m by 0.1 mb to stand at 11.9 mb, which is 3.2 mb, or 36.8%, above the same month one year ago.

Gasoil stocks rose by 0.1 mb m-o-m in August to stand at 19.2 mb, which is 1.6 mb, or 7.7%, lower than in August 2019.

Residual fuel stocks fell m-o-m by 1.3 mb to end August at 6.9 mb, which is 1.0 mb, or 12.7%, below the level registered one year ago.

Jet oil stocks also fell m-o-m by 0.3 mb ending August at 7.1 mb, which is 1.3 mb, or 22.4%, above the level one year ago.

Fujairah

During the week ending 28 September, **total oil product stocks in Fujairah** fell by 461,000 barrels w-o-w to stand at 20.96 mb, the lowest level since 13 January, according to data from FEDCom and S&P Global Platts. At this level, total oil stocks were 851,000 barrels higher than the same time a year ago. Within products, light and middle distillates saw stock draws, while heavy distillates posted a small build.

Light distillate stocks fell by 157,000 barrels w-o-w to stand at 6.50 mb, which is 87,000 barrels lower than a year ago. **Middle distillate stocks** fell by 371,000 barrels to stand at 4.34 mb, which is 2.18 mb higher than a year ago. In contrast, **heavy distillate stocks** rose by 67,000 barrels to stand at 10.13 mb, which is 1.24 mb below the same time last year.

Balance of Supply and Demand

Demand for OPEC crude in 2020 was revised down by 0.3 mb/d from the previous month to stand at 22.4 mb/d, which is around 7.0 mb/d lower than in 2019. According to secondary sources, OPEC crude production averaged 28.3 mb/d in 1Q20, which is about 7.5 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which is 8.9 mb/d higher than demand for OPEC crude. In 3Q20, OPEC crude production averaged 23.8 mb/d, which is 0.6 mb/d lower than demand for OPEC crude.

Demand for OPEC crude in 2021 was revised down by 0.2 mb/d from the previous month to stand at 27.9 mb/d, which is around 5.6 mb/d higher than in 2020.

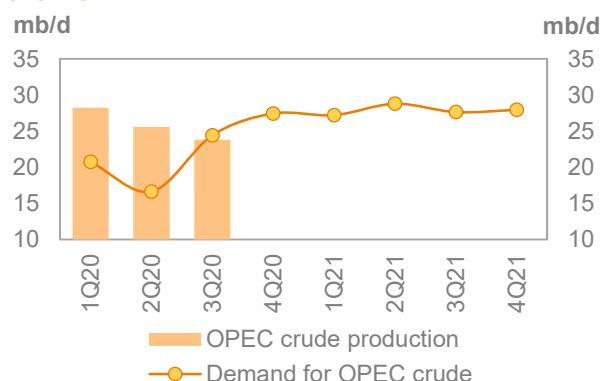
Balance of supply and demand in 2020

Demand for OPEC crude in 2020 was revised down by 0.3 mb/d from the previous month to stand at 22.4 mb/d, which is around 7.0 mb/d lower than in 2019.

Demand for OPEC crude in 1Q20 remained unchanged. The 2Q20 was revised up by 0.9 mb/d, while 3Q20 and 4Q20 were revised down by 1.0 mb/d and 0.9 mb/d, respectively, when compared to the previous assessment.

When compared with the same quarters in 2019, demand for OPEC crude in 1Q20 and 2Q20 is expected to be 8.4 mb/d and 12.2 mb/d lower, respectively. The 3Q20 shows a decline of 6.0 mb/d, while 4Q20 is expected to see a decline of 1.4 mb/d.

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



Note: * 2020–2021 = Forecast.
Source: OPEC.

According to secondary sources, OPEC crude production averaged 28.3 mb/d in 1Q20, which is about 7.5 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which is 8.9 mb/d higher than demand for OPEC crude. In 3Q20, OPEC crude production averaged 23.8 mb/d, which is 0.6 mb/d lower than demand for OPEC crude.

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

	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19
(a) World oil demand	99.76	92.68	82.58	90.99	94.86	90.29	-9.47
Non-OPEC liquids production	65.16	66.57	60.83	61.50	62.27	62.79	-2.37
OPEC NGL and non-conventionals	5.26	5.35	5.09	5.04	5.13	5.15	-0.11
(b) Total non-OPEC liquids production and OPEC NGLs	70.42	71.93	65.92	66.54	67.40	67.94	-2.48
Difference (a-b)	29.35	20.75	16.66	24.45	27.46	22.35	-6.99
OPEC crude oil production	29.34	28.25	25.59	23.84			
Balance	-0.01	7.50	8.92	-0.61			

Note: * 2020 = Forecast. Totals may not add up due to independent rounding.

Source: OPEC.

Balance of supply and demand in 2021

Demand for OPEC crude in 2021 was revised down by 0.2 mb/d from the previous month to stand at 27.9 mb/d, which is around 5.6 mb/d higher than in 2020.

The 1Q21 was revised down by 0.3 mb/d, while 2Q21 was revised up by 0.7 mb/d. The 3Q21 and 4Q21 were revised down by 0.8 mb/d and 0.5 mb/d, respectively, compared to the previous assessment.

When compared to the same quarters in 2020, demand for OPEC crude in 1Q21 and 2Q21 is forecast to be 6.5 mb/d and 12.2 mb/d higher, respectively. The 3Q21 is projected to show an increase of 0.5 mb/d, while 4Q21 is expected to be higher by 5.6 mb/d.

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

	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20
(a) World oil demand	90.29	95.43	96.98	96.60	98.28	96.84	6.54
Non-OPEC liquids production	62.79	62.96	62.93	63.71	65.08	63.68	0.89
OPEC NGL and non-conventionals	5.15	5.24	5.24	5.24	5.24	5.24	0.09
(b) Total non-OPEC liquids production and OPEC NGLs	67.94	68.20	68.17	68.95	70.32	68.91	0.97
Difference (a-b)	22.35	27.23	28.81	27.65	27.96	27.93	5.57

Note: * 2020–2021 = 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	25.70	24.31	20.01	23.86	24.79	23.25	24.37	25.25	24.89	25.27	24.95
of which US	20.27	20.82	20.86	19.66	16.38	19.62	20.38	19.01	19.95	20.66	20.29	20.72	20.41
Europe	14.41	14.32	14.25	13.35	11.01	12.89	13.23	12.62	13.55	14.29	13.64	13.51	13.75
Asia Pacific	8.15	7.95	7.79	7.75	6.54	6.52	7.33	7.03	7.80	7.38	7.04	7.55	7.44
Total OECD	47.67	47.99	47.75	45.41	37.56	43.27	45.35	42.90	45.72	46.92	45.57	46.32	46.14
China	12.32	12.86	13.30	10.70	12.85	12.97	13.58	12.53	12.31	13.87	14.00	14.33	13.63
India	4.53	4.73	4.84	4.77	3.51	3.55	4.34	4.04	4.89	4.19	4.36	4.99	4.61
Other Asia	8.69	8.91	9.02	8.23	7.79	8.33	8.70	8.26	8.33	8.96	8.79	8.84	8.73
Latin America	6.51	6.53	6.59	6.11	5.61	6.17	6.08	5.99	6.21	6.27	6.37	6.31	6.29
Middle East	8.23	8.13	8.20	7.88	6.91	7.88	7.50	7.54	8.07	7.64	8.19	7.75	7.91
Africa	4.20	4.33	4.45	4.37	3.77	3.97	4.20	4.08	4.46	3.95	4.17	4.39	4.24
Eurasia	5.36	5.50	5.61	5.21	4.58	4.85	5.11	4.94	5.43	5.17	5.14	5.35	5.28
of which Russia	3.48	3.55	3.61	3.44	3.04	3.20	3.24	3.23	3.57	3.37	3.37	3.38	3.42
of which other Eurasia	1.88	1.95	2.00	1.78	1.54	1.65	1.87	1.71	1.86	1.81	1.77	1.97	1.85
Total Non-OECD	49.84	50.99	52.02	47.27	45.02	47.72	49.51	47.39	49.71	50.06	51.03	51.96	50.70
(a) Total world demand	97.52	98.98	99.76	92.68	82.58	90.99	94.86	90.29	95.43	96.98	96.60	98.28	96.84
Y-o-y change	1.79	1.46	0.78	-6.21	-16.18	-9.66	-5.87	-9.47	2.75	14.40	5.61	3.42	6.54
Non-OPEC liquids production													
Americas	21.51	24.05	25.77	26.59	23.56	24.27	24.65	24.77	24.58	24.75	25.44	26.27	25.27
of which US	14.42	16.69	18.43	19.05	16.81	17.49	17.75	17.77	17.51	17.84	18.12	18.75	18.06
Europe	3.83	3.84	3.71	4.03	3.87	3.88	4.05	3.96	4.08	3.98	4.01	4.28	4.09
Asia Pacific	0.39	0.41	0.52	0.53	0.54	0.54	0.62	0.56	0.57	0.56	0.59	0.58	0.57
Total OECD	25.73	28.30	30.00	31.16	27.97	28.69	29.32	29.28	29.23	29.29	30.04	31.12	29.93
China	3.97	3.98	4.05	4.15	4.16	4.16	4.03	4.12	4.06	4.06	4.09	4.17	4.10
India	0.86	0.86	0.83	0.80	0.77	0.77	0.85	0.80	0.82	0.80	0.85	0.85	0.83
Other Asia	2.82	2.75	2.71	2.64	2.47	2.49	2.48	2.52	2.52	2.51	2.51	2.50	2.51
Latin America	5.72	5.79	6.06	6.36	5.83	6.15	6.42	6.19	6.44	6.40	6.35	6.58	6.44
Middle East	3.14	3.20	3.20	3.19	3.18	3.11	3.05	3.13	3.11	3.12	3.13	3.14	3.13
Africa	1.50	1.53	1.53	1.49	1.48	1.43	1.40	1.45	1.39	1.38	1.36	1.34	1.37
Eurasia	14.20	14.44	14.52	14.65	13.11	12.56	12.57	13.22	13.19	13.18	13.18	13.17	13.18
of which Russia	11.17	11.35	11.44	11.51	10.21	9.83	9.85	10.35	10.36	10.36	10.36	10.36	10.36
of which other Eurasia	0.49	0.48	0.47	0.46	0.46	0.45	0.44	0.45	0.44	0.43	0.43	0.42	0.43
Total Non-OECD	32.21	32.56	32.89	33.27	31.00	30.67	30.81	31.44	31.53	31.44	31.47	31.76	31.55
Total Non-OPEC production	57.94	60.86	62.90	64.43	58.97	59.36	60.13	60.72	60.76	60.73	61.51	62.88	61.48
Processing gains	2.22	2.25	2.26	2.15	1.85	2.15	2.15	2.07	2.20	2.20	2.20	2.20	2.20
Total Non-OPEC liquids production	60.15	63.11	65.16	66.57	60.83	61.50	62.27	62.79	62.96	62.93	63.71	65.08	63.68
OPEC NGL + non-conventional oils	5.18	5.33	5.26	5.35	5.09	5.04	5.13	5.15	5.24	5.24	5.24	5.24	5.24
(b) Total non-OPEC liquids production and OPEC NGLs	65.33	68.44	70.42	71.93	65.92	66.54	67.40	67.94	68.20	68.17	68.95	70.32	68.91
Y-o-y change	0.87	3.11	1.98	2.20	-3.95	-3.67	-4.45	-2.48	-3.73	2.26	2.41	2.91	0.97
OPEC crude oil production (secondary sources)	31.48	31.34	29.34	28.25	25.59	23.84							
Total liquids production	96.81	99.78	99.76	100.18	91.50	90.38							
Balance (stock change and miscellaneous)	-0.71	0.80	-0.01	7.50	8.92	-0.61							
OECD closing stock levels, mb													
Commercial	2,860	2,875	2,890	2,981	3,211								
SPR	1,569	1,552	1,535	1,537	1,562								
Total	4,428	4,427	4,426	4,518	4,773								
Oil-on-water	1,025	1,058	1,011	1,186	1,329								
Days of forward consumption in OECD, days													
Commercial onland stocks	60	60	67	79	74								
SPR	33	32	36	41	36								
Total	92	93	103	120	110								
Memo items													
(a) - (b)	32.19	30.54	29.35	20.75	16.66	24.45	27.46	22.35	27.23	28.81	27.65	27.96	27.93

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	-	-	0.07	-	0.44	-0.37	0.09	0.04	-0.04	0.40	-0.41	0.05	-0.01
of which US	-	-	0.07	-	0.27	-0.17	0.09	0.05	-0.04	0.24	-0.20	0.06	0.02
Europe	-	-	-	-0.01	0.40	-0.31	-0.31	-0.06	-0.03	0.38	-0.32	-0.32	-0.08
Asia Pacific	0.01	-	0.01	-	0.10	0.01	-	0.03	-0.02	0.08	-0.02	-0.03	0.01
Total OECD	0.01	-	0.07	-0.01	0.92	-0.67	-0.22	0.01	-0.09	0.84	-0.75	-0.30	-0.08
China	-	-	-	-	-	0.30	-	0.08	-	0.01	0.30	-	0.08
India	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
Other Asia	-	-	-	-	-	0.01	-	-0.01	-	0.01	-	-	-0.01
Latin America	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
Middle East	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
Africa	-	-	-	-	-	-0.10	-	-0.03	-	-	-0.10	-	-0.03
Eurasia	-	-	-	-	-	-	0.01	0.01	-	-	-	0.01	0.01
of which Russia	-	-	-	-	-	-	-	-	-	-	-	-	-
of which other Eurasia	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	0.21	-	0.06	-	0.01	0.20	-	0.06
(a) Total world demand	0.01	-	0.07	-0.01	0.92	-0.47	-0.22	0.07	-0.09	0.84	-0.55	-0.30	-0.02
Y-o-y change	0.01	-0.01	0.07	-0.06	0.82	-0.50	-0.30	-0.01	-0.08	-0.09	-0.08	-0.08	-0.08
Non-OPEC liquids production													
Americas	-	-	-	-	0.05	0.54	0.65	0.31	0.26	0.14	0.24	0.19	0.21
of which US	-	-	-	-	0.01	0.61	0.65	0.32	0.27	0.15	0.25	0.20	0.22
Europe	-	-	-0.01	-	0.02	-0.01	-	0.01	0.01	0.01	0.01	0.01	0.01
Asia Pacific	-	-	-	-	-	-0.02	-	-0.01	-	-	-	-	-
Total OECD	-	-	-0.01	-	0.06	0.52	0.65	0.31	0.27	0.15	0.25	0.20	0.22
China	-	-	-	-	-	0.03	0.03	0.02	0.03	0.03	0.03	0.03	0.03
India	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	0.01	-0.03	-0.02	0.01	-	-0.01	-0.01	-0.02	-0.01	-0.02	-0.02
Latin America	-	-	-	0.01	-0.02	-0.09	-	-0.03	-0.02	-0.02	-0.03	-0.03	-0.02
Middle East	0.01	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Africa	-	-	0.01	0.01	0.01	-0.02	-	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Eurasia	-	-	-	-	-	0.10	-	0.03	-	-	-	-	-
of which Russia	-	-	-	-	-	0.10	-	0.03	-	-	-	-	-
of which other Eurasia	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	0.01	0.01	0.01	-0.02	-0.03	0.05	0.04	0.02	0.01	-0.01	-0.01	-0.01	-0.01
Total Non-OPEC production	0.01	0.01	0.01	-0.02	0.04	0.56	0.68	0.32	0.27	0.15	0.25	0.19	0.21
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC liquids production	0.01	0.01	0.01	-0.02	0.04	0.56	0.68	0.32	0.27	0.15	0.25	0.19	0.21
OPEC NGL + non-conventional oils	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Total non-OPEC liquids production and OPEC NGLs	0.01	0.01	0.01	-0.02	0.04	0.56	0.68	0.32	0.27	0.15	0.25	0.19	0.21
Y-o-y change	-0.01	0.01	0.01	-0.02	0.04	0.56	0.67	0.31	0.28	0.11	-0.32	-0.50	-0.11
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liquids production	0.01	0.01	0.01	-0.02	0.04	0.56	-	-	-	-	-	-	-
Balance (stock change and miscellaneous)	0.01	0.01	-0.07	-0.01	-0.89	1.02	-	-	-	-	-	-	-
mb													
Commercial	-	-	-21	-13	-29	-	-	-	-	-	-	-	-
SPR	-	-	-	-	2	-	-	-	-	-	-	-	-
Total	-	-	-21	-13	-28	-	-	-	-	-	-	-	-
Oil-on-water	-	-	-	-	-	-	-	-	-	-	-	-	-
Days of forward consumption in OECD, days													
Commercial onland stocks	-	-1	-1	-3	1	-	-	-	-	-	-	-	-
SPR	-	-1	-1	-2	1	-	-	-	-	-	-	-	-
Total	-	-1	-1	-4	2	-	-	-	-	-	-	-	-
Memo items													
(a) - (b)	-0.01	-0.01	0.07	0.01	0.89	-1.02	-0.90	-0.26	-0.36	0.70	-0.79	-0.49	-0.23

Note: * This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the September 2020 issue.

This table shows only where changes have occurred.

Source: OPEC.

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

	2017	2018	2019	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
OECD oil stocks and oil on water												
Closing stock levels, mb												
OECD onland commercial	2,860	2,875	2,890	2,814	2,868	2,875	2,875	2,932	2,942	2,890	2,981	3,211
Americas	1,498	1,544	1,519	1,473	1,543	1,544	1,504	1,559	1,553	1,519	1,579	1,711
Europe	948	930	978	952	933	930	989	983	988	978	1,033	1,098
Asia Pacific	413	402	394	390	392	402	381	391	401	394	369	402
OECD SPR	1,569	1,552	1,535	1,575	1,570	1,552	1,557	1,549	1,544	1,535	1,537	1,562
Americas	665	651	637	662	662	651	651	647	647	637	637	658
Europe	481	481	482	491	486	481	488	485	482	482	484	487
Asia Pacific	423	420	416	422	422	420	417	417	416	416	416	416
OECD total	4,428	4,427	4,426	4,389	4,438	4,427	4,432	4,481	4,486	4,426	4,518	4,773
Oil-on-water	1,025	1,058	1,011	1,014	1,041	1,058	1,013	995	1,012	1,011	1,186	1,329
Days of forward consumption in OECD, days												
OECD onland commercial	60	60	67	58	60	60	61	61	61	64	79	74
Americas	58	60	65	57	60	61	59	60	60	62	79	72
Europe	66	65	77	65	66	66	70	67	70	73	94	85
Asia Pacific	52	52	56	51	49	49	51	52	50	51	56	62
OECD SPR	33	33	37	33	33	33	33	32	32	34	41	36
Americas	26	26	29	25	26	26	26	25	25	26	32	28
Europe	34	34	38	33	34	34	34	33	34	36	44	38
Asia Pacific	53	54	60	55	53	51	56	55	52	54	64	64
OECD total	92	94	105	91	93	93	94	93	94	97	120	110

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

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

	Change							Change						
	2017	2018	2019	3Q20	4Q20	2020	20/19	1Q21	2Q21	3Q21	4Q21	2021	21/20	
Non-OPEC liquids production and OPEC NGLs														
US	14.4	16.7	18.4	17.5	17.7	17.8	-0.7	17.5	17.8	18.1	18.7	18.1	0.3	
Canada	4.9	5.3	5.4	4.9	5.1	5.1	-0.3	5.2	5.0	5.4	5.6	5.3	0.2	
Mexico	2.2	2.1	1.9	1.9	1.8	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	24.3	24.7	24.8	-1.0	24.6	24.8	25.4	26.3	25.3	0.5	
Norway	2.0	1.9	1.7	2.0	2.1	2.0	0.3	2.1	2.1	2.1	2.3	2.2	0.1	
UK	1.0	1.1	1.1	1.1	1.2	1.1	0.0	1.2	1.1	1.1	1.2	1.2	0.0	
Denmark	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	
Other OECD	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0	
OECD Europe	3.8	3.8	3.7	3.9	4.1	4.0	0.3	4.1	4.0	4.0	4.3	4.1	0.1	
Australia	0.3	0.3	0.5	0.5	0.6	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0	
Other Asia Pacific	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	
OECD Asia Pacific	0.4	0.4	0.5	0.5	0.6	0.6	0.0	0.6	0.6	0.6	0.6	0.6	0.0	
Total OECD	25.7	28.3	30.0	28.7	29.3	29.3	-0.7	29.2	29.3	30.0	31.1	29.9	0.6	
China	4.0	4.0	4.1	4.2	4.0	4.1	0.1	4.1	4.1	4.1	4.2	4.1	0.0	
India	0.9	0.9	0.8	0.8	0.9	0.8	0.0	0.8	0.8	0.9	0.9	0.8	0.0	
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	
Indonesia	0.9	0.9	0.9	0.9	0.8	0.9	0.0	0.8	0.8	0.8	0.8	0.8	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	0.5	0.5	0.0	
Vietnam	0.3	0.3	0.3	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0	
Asia others	0.3	0.3	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.3	0.2	0.0	
Other Asia	2.8	2.8	2.7	2.5	2.5	2.5	-0.2	2.5	2.5	2.5	2.5	2.5	0.0	
Argentina	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0	
Brazil	3.3	3.3	3.5	3.8	3.9	3.8	0.2	3.9	3.8	3.8	4.0	3.9	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	0.6	0.0	
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	0.4	0.4	0.4	0.4	0.4	0.0	
Latin America	5.7	5.8	6.1	6.2	6.4	6.2	0.1	6.4	6.4	6.4	6.6	6.4	0.3	
Bahrain	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0	
Oman	1.0	1.0	1.0	0.9	0.8	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.0	
Qatar	1.9	1.9	1.9	1.9	2.0	1.9	0.0	2.0	2.0	2.0	2.0	2.0	0.1	
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	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	
Middle East	3.1	3.2	3.2	3.1	3.0	3.1	-0.1	3.1	3.1	3.1	3.1	3.1	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	-0.1	
Ghana	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0	
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	
Sudans	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0	
Africa other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	
Africa	1.5	1.5	1.5	1.4	1.4	1.5	-0.1	1.4	1.4	1.4	1.3	1.4	-0.1	
Russia	11.2	11.3	11.4	9.8	9.9	10.3	-1.1	10.4	10.4	10.4	10.4	10.4	0.0	
Kazakhstan	1.7	1.8	1.8	1.6	1.6	1.7	-0.1	1.7	1.7	1.7	1.7	1.7	0.0	
Azerbaijan	0.8	0.8	0.8	0.7	0.7	0.7	-0.1	0.7	0.7	0.7	0.7	0.7	0.0	
Other Eurasia	0.5	0.5	0.5	0.5	0.4	0.5	0.0	0.4	0.4	0.4	0.4	0.4	0.0	
Eurasia	14.2	14.4	14.5	12.6	12.6	13.2	-1.3	13.2	13.2	13.2	13.2	13.2	0.0	
Total Non-OECD	32.2	32.6	32.9	30.7	30.8	31.4	-1.5	31.5	31.4	31.5	31.8	31.6	0.1	
Non-OPEC	57.9	60.9	62.9	59.4	60.1	60.7	-2.2	60.8	60.7	61.5	62.9	61.5	0.8	
Processing gains	2.2	2.3	2.3	2.1	2.1	2.1	-0.2	2.2	2.2	2.2	2.2	2.2	0.1	
Non-OPEC supply	60.2	63.1	65.2	61.5	62.3	62.8	-2.4	63.0	62.9	63.7	65.1	63.7	0.9	
OPEC NGL	5.1	5.2	5.1	4.9	5.0	5.0	-0.1	5.1	5.1	5.1	5.1	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	5.2	-0.1	5.2	5.2	5.2	5.2	5.2	0.1	
Non-OPEC &														
OPEC (NGL+NCF)	65.3	68.4	70.4	66.5	67.4	67.9	-2.5	68.2	68.2	68.9	70.3	68.9	1.0	

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

* According to the new regional classification of the Non-OECD, India is featured separately from the Other Asia region. FSU and Other Europe and combined as the Eurasia region. Guyana is now featured separately from in Latin America Others, due to the country's role as a new driver in the region.

Source: OPEC.

Table 11 - 5: World rig count, units

	Change				Change				Change		
	2017	2018	2019	2019/18	4Q19	1Q20	2Q20	3Q20	Aug 20	Sep 20	Sep/Aug
World rig count											
US	875	1,031	944	-88	819	784	396	254	250	257	7
Canada	207	191	134	-57	138	196	25	49	53	60	7
Mexico	17	27	37	10	48	46	43	36	35	36	1
OECD Americas	1,099	1,249	1,114	-135	1,005	1,026	464	339	338	353	15
Norway	15	15	17	2	18	16	16	16	15	20	5
UK	9	7	15	7	13	8	4	5	4	6	2
OECD Europe	92	85	149	63	154	129	111	109	109	113	4
OECD Asia Pacific	15	21	29	8	30	30	22	17	17	19	2
Total OECD	1,206	1,355	1,292	-64	1,189	1,184	597	465	464	485	21
Other Asia*	208	222	221	-1	212	214	190	184	198	162	-36
Latin America	119	131	129	-2	119	107	26	40	39	46	7
Middle East	68	65	68	3	69	69	59	50	53	47	-6
Africa	38	45	55	11	63	61	46	35	37	34	-3
Total Non-OECD	432	462	474	12	463	451	321	309	327	289	-38
Non-OPEC rig count	1,638	1,817	1,766	-52	1,652	1,635	917	774	791	774	-17
Algeria	54	50	45	-5	41	38	33	27	30	22	-8
Angola	3	4	4	1	3	6	2	1	1	2	1
Congo	2	3	3	0	2	2	1	0	0	0	0
Equatorial Guinea**	1	1	2	1	1	1	1	1	1	1	0
Gabon	1	3	7	4	9	9	2	0	0	0	0
Iran**	156	157	117	-40	117	117	117	117	117	117	0
Iraq	49	59	74	14	77	74	54	30	29	28	-1
Kuwait	54	51	46	-5	48	53	52	44	43	41	-2
Libya	1	5	14	10	16	14	11	11	13	9	-4
Nigeria	9	13	16	2	18	19	11	8	8	10	2
Saudi Arabia	118	117	115	-2	109	113	108	87	83	85	2
UAE	52	55	62	7	67	66	58	50	51	47	-4
Venezuela	49	32	25	-8	25	25	6	1	1	1	0
OPEC rig count	547	550	529	-21	534	537	455	377	377	363	-14
World rig count***	2,185	2,368	2,295	-73	2,185	2,172	1,373	1,151	1,168	1,137	-31
of which:											
Oil	1,678	1,886	1,800	-87	1,717	1,707	1,027	851	870	841	-29
Gas	466	448	464	15	431	411	288	265	269	259	-10
Others	42	33	31	-2	38	54	57	35	29	37	8

Note: * Other Asia includes India and China

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

*** Data excludes onshore China and Eurasia.

Totals may not add up due to independent rounding.

Sources: Baker Hughes and OPEC.

Glossary of Terms

Abbreviations

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

Acronyms

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

Glossary of Terms

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
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 3.65 in September

September 2020	41.54
August 2020	45.19
Year-to-date	40.62

September OPEC crude production

mb/d, according to secondary sources



down 0.05 in September

September 2020	24.11
August 2020	24.15

Economic growth rate

per cent

	World	OECD	US	Euro-zone	Japan	China	India
2020	-4.1	-5.7	-4.2	-7.7	-5.7	2.0	-7.5
2021	4.6	3.8	3.9	4.2	2.8	6.9	6.8

Supply and demand

mb/d

2020		20/19	2021		21/20
World demand	90.3	-9.5	World demand	96.8	6.5
Non-OPEC liquids production	62.8	-2.4	Non-OPEC liquids production	63.7	0.9
OPEC NGLs	5.2	-0.1	OPEC NGLs	5.2	0.1
Difference	22.4	-7.0	Difference	27.9	5.6

OECD commercial stocks

mb

	Aug 19	Jun 20	Jul 20	Aug 20	Aug 20/Jul 20
Crude oil	1,466	1,580	1,580	1,550	-30
Products	1,511	1,632	1,645	1,654	9
Total	2,977	3,211	3,225	3,204	-21
Days of forward cover	62.3	74.1	73.2	71.9	-1.3

Next report to be issued on 11 November 2020.