Organization of the Petroleum Exporting Countries

OPEC Monthly Oil Market Report

10 June 2021

Feature article:
World oil market prospects for 2H2021

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Oil Market Highlights

Crude Oil Price Movements

Spot crude prices experienced firm gains in the month of May, rising on average about 6% month-on-month (m-o-m), settling at multi-month highs, amid stronger physical oil market fundamentals. Refiners in most regions showed increases in buying interest on the expectation of a further oil demand recovery with the approach of the summer driving season. The OPEC Reference Basket (ORB) increased by $3.67, or 5.8%, m-o-m in May to average $66.61/b, the highest since May 2019. Year-to-date, the ORB was up 56.8%, averaging $62.16/b, compared to $39.65/b on average over the first five months of 2020. Crude oil futures prices rose in May, with ICE Brent increasing $2.98, or 4.6%, to average $68.31/b, and NYMEX WTI gaining $3.45, or 5.6%, to an average of $65.16/b. Consequently, the Brent-WTI spread narrowed 47¢ to average $3.15/b in May. The market structure of all three major oil benchmarks remained in sustained backwardation. Hedge funds and other money managers reduced their net long positions for crude futures and options in May, mainly for Brent.

World Economy

The global economic growth forecast for 2021 remains unchanged at 5.5%, although the forecast continues to be impacted by uncertainties including the spread of COVID-19 variants and the speed of the global vaccine rollouts. In addition, sovereign debt levels in many regions, inflationary pressures and central bank responses remain key factors to monitor. US economic growth in 2021 is revised up slightly to stand at 6.4%, following a contraction of 3.5% in 2020. The economic growth forecast for the Euro-zone in 2021 is lowered slightly to stand at 4.1%, following a contraction of 6.7% last year. Similarly, Japan's economic growth forecast is lowered to 2.8% for 2021, following a contraction of 4.7% in 2020. After growth of 2.3% in 2020, China's economic growth forecast in 2021 remains at 8.5%. Given the ongoing COVID-19 related challenges, India's 2021 economic growth forecast is revised down slightly to 9.5%, following the contraction of 7.0% in 2020. Brazil's growth forecast for 2021 remains unchanged at 3.0%, following a contraction of 4.1% in 2020. Russia's forecast for 2021 remains at 3.0%, following a contraction of 3.1% in 2020.

World Oil Demand

World oil demand is now estimated to have declined by 9.3 mb/d in 2020, a slight improvement of 0.1 mb/d on last month's estimate, mainly reflecting the most up-to-date data for both the OECD and non-OECD regions. Total global oil demand is expected to average 90.6 mb/d. For 2021, world oil demand growth is kept unchanged at 6.0 mb/d, with total oil demand standing at 96.58 mb/d. OECD demand is revised slightly lower on an annualized basis, mainly reflecting lower-than-expected data from OECD Americas and Europe in 1Q21. However, initial data for April in both regions, as well as positive mobility developments given easing restriction measures and border openings, encouraged an upward revision to 2Q21 data. This offset most of the 1Q21 downward revision. In the non-OECD, oil demand was revised slightly higher, mainly due to positive 2Q21 data from the Middle East.

World Oil Supply

Non-OPEC liquids supply in 2020 is estimated to average 62.9 mb/d, representing a y-o-y contraction of 2.5 mb/d. For 2021, non-OPEC liquids supply is revised up by 0.1 mb/d from last month's assessment, and is now forecast to grow by 0.8 mb/d to average 63.7 mb/d. This is mainly due to a faster-than-expected recovery in US liquids production of 2.5 mb/d in March. Additionally, the supply forecast for Norway, China, and Indonesia is also revised up, while the supply forecast in the UK, Brazil and Colombia is revised down. The main drivers for 2021 supply growth are anticipated to be Canada, Brazil, China and Norway, while US liquids supply is now expected to only grow by a marginal 0.03 mb/d y-o-y. US crude oil is actually forecast to decline y-o-y by 0.1 mb/d to 11.2 mb/d. OPEC NGLs are forecast to grow by 0.1 mb/d y-o-y in 2021 to average 5.2 mb/d, following an estimated contraction of 0.2 mb/d in 2020. OPEC crude oil production in May increased m-o-m by 0.39 mb/d, to average 25.46 mb/d, according to available secondary sources to date.

Product Markets and Refining Operations

Refinery margins showed diverging trends in May. Margins increased in the US Gulf Coast (USGC) were supported by unplanned refinery outages which limited the stronger recovery in run rates and kept product output relatively supressed. In contrast, Europe and Asia margins performed negatively as refining economics showed losses. Pressure came mainly from the top and bottom-sections of the barrel, reflecting rising product output rates. Global capacity offline fell considerably in May, with trends indicating the end of peak refinery turnaround season, and hence run rates are expected to be strong over the coming months.

Tanker Market

Dirty tanker rates saw mixed movement in May, although they remain at low levels. Improving US market supported rates on the UK-US route, while very low rates on the Mideast-Asia Pacific route edged-up amid anticipation of the end of seasonal maintenance. Meanwhile, clean rates were largely steady. There has been a slight improvement in sentiment for the outlook for dirty tanker rates in 2H21, although scrapping will still need to pickup to better balance tonnage supply with demand for cargoes.

Crude and Refined Products Trade

Preliminary data shows US crude imports rose 0.2 mb/d in May to average 6.0 mb/d, the highest in 11 months. US crude exports dipped again, averaging 2.8 mb/d in May, amid lower buying from the Asian region. With the start of the driving season and a pick-up in economic activity, US crude and product trade flows will provide a key support for the market in the coming months, together with OECD Europe. Tracking data shows a steady increase in OECD Europe crude imports since February and crude exports declined, amid lower production and improving demand in 2Q21 given the easing of lockdown measures. China's crude imports dropped to just below 10 mb/d in April, amid planned refinery maintenance, with a further decline in May to a five-month low of 9.65 mb/d seen in preliminary data. China's crude imports are expected to remain low in 2Q21, before picking up again in 3Q21. Stricter oversight of refinery activities and the end of a tax loophole is likely to weigh on both product imports and exports in the coming few months. Meanwhile, India's crude imports recovered from a five-month low in April to average 4.5 mb/d. The vicious surge in COVID-19 cases which reached record levels in May will likely weigh on demand for crude imports for May and June, with local refiners expecting the situation to improve in July. Constrained domestic consumption could free up product for exports over the period.

Commercial Stock Movements

Preliminary data shows that total OECD commercial oil stocks fell m-o-m by 6.4 mb in April. At 2,962 mb, inventories were 160 mb lower than the same month a year ago, 25 mb below the latest five-year average, and around 34 mb higher than the 2015–2019 average. Within the components, crude stocks fell m-o-m by 13.6 mb, while product stocks rose 7.2 mb. OECD crude stocks stood at 1,475 mb in April, which is 36 mb less than the latest five-year average and 8 mb lower than the 2015–2019 average. Product stocks stood at 1,487 mb, which represents a surplus of 11 mb compared to the latest five-year average and 43 mb higher than the 2015–2019 average. In terms of days of forward cover, OECD commercial inventories declined m-o-m by 0.9 days in April to stand at 66.0 days. This is 12.3 days lower than the year-ago level, some 0.5 days above the latest five-year average, and 3.9 days above the 2015–2019 average.

Balance of Supply and Demand

Demand for OPEC crude in 2020 is revised up by 0.2 mb/d from last month's assessment to stand at 22.7 mb/d, which is 6.6 mb/d lower than in 2019. For 2021, demand for OPEC crude is forecast to stand at 27.7 mb/d, unchanged from last month's assessment and around 5.0 mb/d higher than in 2020.

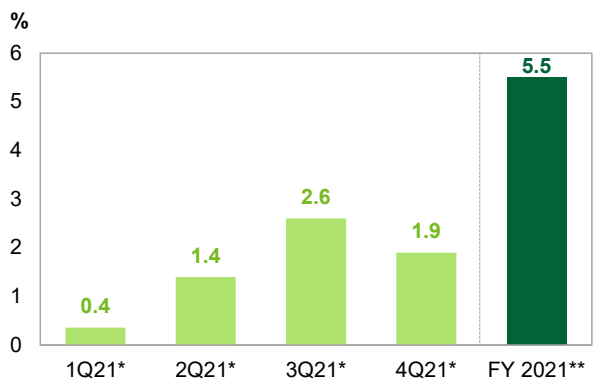
Feature Article

World oil market prospects for 2H2021

Global economic recovery has been delayed due to the resurgence of COVID-19 infections and renewed lockdowns in key economies, including the Euro-zone, Japan and India, which kept growth rates low in 1H21. However, the ongoing vaccination efforts, growing share of recovered cases leading to increasing herd immunity, and the easing of lockdown restrictions lend optimism that the pandemic could be contained in the few months to come.

These developments, combined with broad-based stimulus measures, high savings rates in advanced economies, and pent-up demand following the lockdowns, are expected to add momentum to the economic rebound towards the end of 2Q21. Consumption is forecast to improve, particularly in the contact-intensive sectors, and investment is anticipated to rise, with the stabilization of crude oil markets expected to add further upside in some producer countries, including the US. Consequently, GDP growth rates in 2H21 are forecast to significantly exceed that of 1H21 (***Graph 1***). The ongoing fiscal stimulus in the US, amounting to almost $3 trillion, or more than 3% of global GDP, is one very important supporting factor, as is China's successful containment of COVID-19 and the country's consequent swift economic recovery. However, numerous challenges remain. New virus variants and/or mutations could diminish, or even neutralize, ongoing containment strategies. Moreover, a strong recovery could lead to rising inflation and a necessary reduction of monetary stimulus, resulting in higher interest rates. Moreover, very high sovereign debt levels amid rising interest rates could pose a burden on the fiscal health of many economies.

Graph 1: World GDP growth

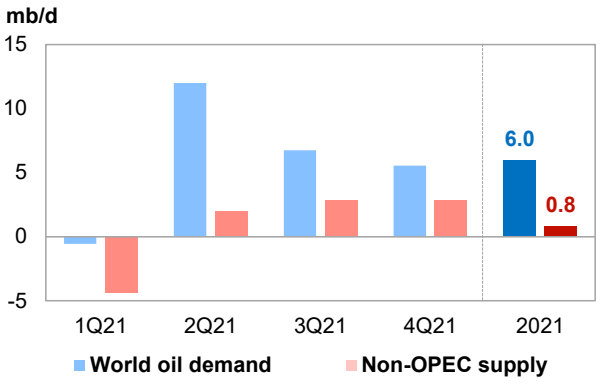


*Note: * q-o-q and ** y-o-y. Source: OPEC.*

Turning to the oil market, global oil demand is also anticipated to pick up pace in 2H21, reaching 99.0 mb/d, compared to 94.1 mb/d in 1H21, with improving mobility in major economies supporting gasoline and on-road diesel demand. Improvements in pandemic containment efforts and seasonal summer demand will allow for positive expectations for 2H21. On a regional basis, OECD oil demand is anticipated to grow by 3.1 mb/d in 2H21 y-o-y, as oil demand gains traction, especially in OECD Americas, the largest contributor to oil demand growth in 2021. However, oil demand in the region is not expected to fully recover from the 2020 contraction. Transportation fuels, mainly gasoline, as well as light and middle distillates are assumed to support the oil demand recovery going forward. In the non-OECD, oil demand is estimated to grow by 3.0 mb/d in 2H21 y-o-y, driven by China, India and Other Asia. A healthy rebound in economic momentum is anticipated to stimulate industrial fuel demand, while demand for petrochemical feedstock is also projected to support demand growth in 2021.

Following an estimated growth of 1.1 mb/d in 1H21 compared with 2H20, non-OPEC oil supply, including OPEC NGLs, is forecast to grow by 2.1 mb/d in 2H21 compared with 1H21, which is up by 3.2 mb/d y-o-y. For the entire year, non-OPEC liquids supply is forecast to grow by 0.84 mb/d y-o-y (***Graph 2***). On a regional basis, some 1.6 mb/d out of total incremental production of 2.1 mb/d in 2H21 is expected to come from the OECD region, mainly from the US with 1.1 mb/d and the rest from Canada and Norway. At the same time, liquids supply growth from the non-OECD regions is forecast at only 0.4 mb/d in 2H21.

Graph 2: World oil demand and Non-OPEC supply, y-o-y changes



Note: 2021 = Forecast. Source: OPEC.

Overall, the recovery in global economic growth, and hence oil demand, are expected to gain momentum in 2H21. At the same time, the successful efforts of the DoC have substantially led the way towards a market rebalance. This foresight, along with an ongoing joint vigilant monitoring of developments, continues to support the oil market, in tandem with the expected recovery in the various economic sectors.

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Crude Oil Price Movements

Crude oil spot prices recorded solid gains in May, rising about 6% on average m-o-m, to settle at multi-month highs amid stronger physical oil market fundamentals. Refiners in Asia Pacific and Europe showed higher buying interests on the expectation of further recovery of oil demand in the approach of the summer driving season. In the US, the continued recovery in refinery runs and declining crude stock lent support to prices.

The OPEC Reference Basket (ORB) value rose firmly in May increasing by $3.67, or 5.8% m-o-m, to stand at $66.91/b, its highest monthly average since May 2019. This was on the back of higher ORB component-related crude benchmarks, given rises in official selling prices and crude differentials. Compared to the previous year, the ORB was up 56.8%, from $39.65/b in 2020 to an average of $62.16/b so far this year.

Crude oil futures prices rebounded in May after traders turned more optimistic about a further recovery in oil demand and accelerating global oil market rebalancing and oil destocking. Investors' optimism bolstered by accelerating COVID-19 vaccination in western countries along with easing mobility restriction, which overshadowed the deteriorating COVID-19 situation in several Asian countries in May, specifically India and to less extend Japan. The decision of OPEC and non-OPEC producers in the DoC to gradually adjust their production from May to July has supported market confidence. The ICE Brent front month increased by $2.98 m-o-m, or 4.6%, in May to average $68.31/b, and NYMEX WTI rose by $3.45 m-o-m, or 5.6%, to average $65.16/b. ICE Brent was $21.14 higher y-t-d, or 49.9%, at $63.52/b, while NYMEX WTI was $23.75 higher, or 65.1%, at $60.25/b, compared to the same period a year earlier. DME Oman crude oil futures prices rose in May by $3.17 m-o-m, or 5.0%, to settle at $66.44/b. Year-to-date (y-t-d), DME Oman was higher by $20.29, or 48.4%, from the same period of last year, registering $62.18/b.

Hedge funds and other money managers reduced their futures and options net-long positions in crude by 7.8% last month and were net sellers of about 53 mb between the week of 27 April and 25 May. Speculators continued to be cautious regarding their positions in ICE Brent amid surging COVID-19 infections in some Asian countries, specifically in India.

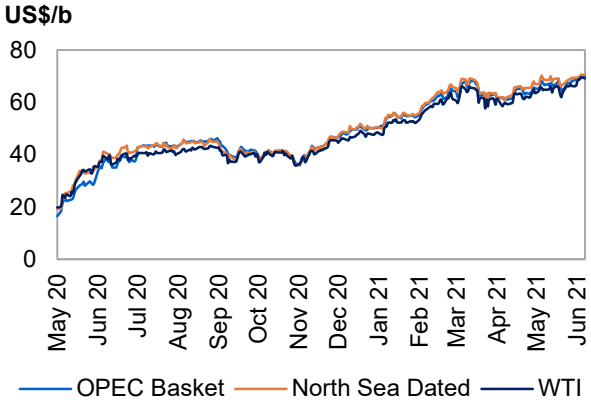
The market structure of all three major oil benchmarks remained in sustained backwardation in May as the oil markets continue to tighten and investors turning optimistic about further oil demand recovery in the summer holiday season.

The sweet/sour crude differential widened in Asia and the USGC in May on the relatively better performance of light sweet crudes. In Europe, the spread narrowed, although it remained wide. The better performance of light distillate products, specifically gasoline, compared to heavier distillates like fuel oil, contributed in widening the sweet/sour crude differential.

Crude spot prices

The price of the three major **spot benchmarks** recorded solid gains in May, rising about 6% on average m-o-m, to settle at multi-month highs. The spot market fundamentals showed signs of strength in May with refiners in the Asia Pacific and Europe manifested higher buying interests on the expectation of further recovery of oil demand in the approach of the summer holidays season, and as further states across Europe and the US are easing mobility restrictions. In the US, refiner net input of crude oil continued to increase in May reaching 15.6 mb/d in the week to 28 May, its highest level since March 2020, according to the EIA weekly report, pointing to continuing demand recovery in the largest oil consuming country. Strengthening buying interest from Chinese refiners for crude in the Atlantic Basin, as well as the return of some Indian refiners to the market and easing of the COVID-19 situation in India later in the month gave additional support to spot prices. Furthermore, the decision of OPEC and participating

Graph 1 - 1: Crude oil price movement



Sources: Argus, OPEC and Platts.

non-OPEC producers in the DoC to gradually adjust their production until end July has lent support to the market. Data showed OECD oil stocks fell again in April for several months of decline, in a sign of balanced supply/demand fundamentals. The North Sea Dated benchmark rose by $4.05 m-o-m, or 6.3%, to settle at $68.51/b, while the Dubai and WTI first months increased by $3.49 m-o-m and $3.52, or 5.5% and 5.7%, respectively, to settle at $66.41/b and $65.23/b.

A sign of the strengthening physical market is the rise of North Sea Dated compared to futures benchmark ICE Brent by $1.07 in May, settling at a premium of 20 ¢/b in May, compared to a discount of 87¢/b in April. The North Sea Dated premium to ICE Brent in May was at its highest level since December 2019.

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

			Change		Year-to-date	
	Apr 21	May 21	May/Apr	%	2020	2021
OPEC Reference Basket	**63.24**	**66.91**	**3.67**	**5.8**	**39.65**	**62.16**
Arab Light	64.09	67.72	3.63	5.7	40.64	62.79
Basrah Light	63.48	66.96	3.48	5.5	38.89	62.48
Bonny Light	64.17	67.61	3.44	5.4	39.65	63.05
Djeno	57.01	61.04	4.03	7.1	36.10	55.78
Es Sider	62.11	66.16	4.05	6.5	38.13	61.27
Girassol	64.00	68.39	4.39	6.9	39.80	63.58
Iran Heavy	63.00	66.72	3.72	5.9	37.98	61.94
Kuwait Export	63.75	67.54	3.79	5.9	39.76	62.59
Merey	46.16	49.13	2.97	6.4	27.00	44.53
Murban	63.35	66.82	3.47	5.5	42.34	62.21
Rabi Light	64.00	68.03	4.03	6.3	36.83	62.77
Sahara Blend	64.01	67.81	3.80	5.9	40.31	63.14
Zafiro	64.75	68.49	3.74	5.8	38.74	63.49
Other Crudes						
North Sea Dated	64.46	68.51	4.05	6.3	39.74	63.23
Dubai	62.92	66.41	3.49	5.5	40.89	61.99
Isthmus	60.94	64.47	3.53	5.8	32.14	59.77
LLS	63.73	67.30	3.57	5.6	39.22	62.33
Mars	61.97	65.27	3.30	5.3	37.20	60.59
Minas	62.86	66.06	3.20	5.1	40.46	61.21
Urals	63.02	67.26	4.24	6.7	39.01	62.30
WTI	61.71	65.23	3.52	5.7	36.71	60.22
Differentials						
North Sea Dated/WTI	2.75	3.28	0.53	-	3.03	3.01
North Sea Dated/LLS	0.73	1.21	0.48	-	0.52	0.90
North Sea Dated/Dubai	1.54	2.10	0.56	-	-1.15	1.25

Sources: Argus, Direct Communication, OPEC and Platts.

Crude differentials also strengthened in May in almost all markets and for all crude qualities. In the North Sea, crude differentials showed further improvement last month amid firm regional crude demand and low supply that continued for several months, although the North Sea crude supply is expected to rise slightly in June. The forties and Ekofisk crude differentials rose 74¢ m-o-m and 49¢, respectively, on a monthly average in May to settle at premiums of 80¢/b and 90¢/b. West African crude differentials also rose in May, supported by renewed demand from Asia Pacific despite a wide EFS Dubai, as well as demand from some European refiners. On a monthly average, crude differentials to North Sea Dated benchmark of Bonny Light, Forcados and Qua Iboe rose by 9¢ m-o-m, 21¢, and 15¢, respectively in May, to settle at discounts of 79¢/b, 49¢/b, and 91¢/b. Angolan crude differentials also rose on demand from China and low loading program. The crude differential of medium-heavy sweet crude Cabinda rose in May by 26¢ m-o-m, on average to a discount of 21¢/b. in the Mediterranean, Saharan Blend, Azeri light, and CPC Blend saw their crude differentials increasing respectively by 23¢ m-o-m, 6¢, and 25¢. In the Middle East, firm demand from Asian refiners, restrained supply of sour crude, and wide Brent-Dubai front-month exchange of futures for swaps (EFS) continued to support the market. The value of the Oman crude differential was little changed in May easing 2¢ m-o-m in May, to stand at a premium of $1.22/b, while the Upper Zakum crude differential rose 10¢, to settle at a discount of 6¢/b.

OPEC Reference Basket (ORB)

The **ORB** value rose firmly in May, increasing by $3.67 m-o-m, or 5.8%, to stand at $66.91/b, its highest monthly average since May 2019. This was on the back of higher ORB component-related crude benchmarks, and an increase in official selling prices and crude differentials, amid a healthier physical crude market. Compared to the previous year, the ORB was up 56.8%, from $39.65/b in 2020, to an average of $62.16/b so far this year. All ORB components' values increased over last month alongside their respective crude oil benchmarks. West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend, and Zafiro – rose $3.93 m-o-m in May, or 6.2% on average, to $66.79/b. The multiple regions' destination grades – Arab Light, Basrah Light, Iran Heavy, and Kuwait Export – increased by $3.66 m-o-m, or 5.7% on average, to settle at $67.24/b. Murban crude rose by $3.47 m-o-m, or 5.5% on average, to settle at $66.82/b, while the Merey crude component rose by $2.97 m-o-m, or 6.4% on average, to settle at 49.13/b.

The oil futures market

Crude oil futures prices resumed the upward trend in May after their stall in April, and recorded six months of gains in the last seven months, increasing by 65% on a monthly basis between October 2020 and May 2021. Oil prices rose in May as market participants turned more optimistic about a further recovery in oil demand and accelerating global oil market rebalancing and oil destocking, which overshadowed the deteriorating COVID-19 situation in several Asian countries in May, specifically India and to a lesser extent Japan. The decision of OPEC and non-OPEC producers in the DoC to gradually adjust their production from May to July has consolidated market confidence. ICE Brent's first months rose 4.6% m-o-m in May on monthly average, to reach its highest level since May 2019, while NYMEX WTI rose by 5.6%, m-o-m, to hit its highest since October 2018.

During the first half of May, futures prices were supported by increasingly positive market sentiment about economic recovery in the US and Europe, which was bolstered by robust economic data, particularly from the US, in addition to growing signs of strengthening oil demand led by the US and China, as well as western Europe. Oil prices also remained buoyed by a sharp drop in US crude oil stocks in the week to 30 April and a continuing recovery in refinery runs, while US exports surged by the highest level on record. Nonetheless, the oil prices rally was capped by the deteriorating COVID-19 situation in some Asian countries, including India, and rising infections in other countries, which weighed on market sentiment and raises uncertainty about the oil demand recovery in these regions. A cyberattack on the Colonial Pipeline also added support to oil prices.

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

			Change		Year-to-date	
Future crude	Apr 21	May 21	May/Apr	%	2020	2021
NYMEX WTI	61.70	65.16	3.45	5.6	36.50	60.25
ICE Brent	65.33	68.31	2.98	4.6	42.38	63.52
DME Oman	63.27	66.44	3.17	5.0	41.89	62.18
Spread						
ICE Brent-NYMEX WTI	3.62	3.15	-0.47	-13.0	5.88	3.27

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

In the third week of May, however, oil prices showed higher volatility after investors turned the focus on the deepening COVID-19 crisis in India and the colonial pipeline resumed operations, in addition to inflation concerns that added downward pressure on oil prices. The positive sentiment was offset by signs of an economic recovery in the US and Europe, and upbeat forecasts for oil demand in 2H21, with both OPEC and the IEA showing positive oil demand outlooks in their monthly reports last month.

However, oil prices resumed an upward trend in the fourth week and reached their highest levels in more than two years on daily basis, buoyed by growing optimism about the consolidation of the oil demand recovery. More major European countries were relaxing travel restrictions, while mobility data in the US showed continuing recovery in the road and air transportation. The optimism on oil demand outlooks fuelled by a series of strong US economic data that continued to highlight the oil demand recovery in the largest oil consumer, in addition to signs of continuing improving oil demand recovery in Europe in the approach of the summer holidays season. Furthermore, the positive COVID-19 vaccination trends in the US and European Union, a decline in COVID-19 infections in India, weaker US dollar, and a rally in US equities added support to the market.

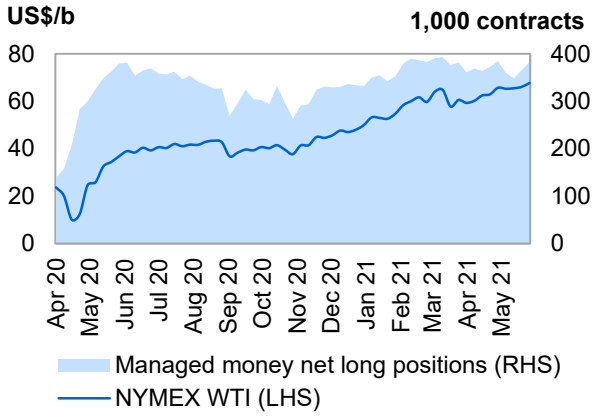
The **ICE Brent** front month increase by $2.98 m-o-m, or 4.6%, in May to average $68.31/b, and **NYMEX WTI** rose by $3.45 m-o-m, or 5.6%, to average $65.16/b. ICE Brent was $21.14 higher y-t-d, or 49.9%, at $63.52/b, while NYMEX WTI was $23.75 higher, or 65.1%, at $60.25/b, compared to the same period a year earlier. **DME Oman** crude oil futures prices rose in May by $3.17 m-o-m, or 5.0%, to settle at $66.44/b. Y-t-d, DME Oman was higher by $20.29 m-o-m, or 48.4%, at $62.18/b.

On 9 June, ICE Brent stood at $72.22/b and NYMEX WTI at $69.96/b.

The **spread between ICE Brent and NYMEX WTI** narrowed by 47¢ m-o-m in May to $3.15/b, its lowest level since December 2020, as the NYMEX WTI benchmark performed better than ICE Brent. The continuing recovery of US refinery operations, declining US crude stocks in May, the outage of the Colonial pipeline system that transports more than 2.5 million b/d of oil products, and strong US economic data have firmly supported the value of US futures crude benchmark. In the meantime, the spread of COVID-19 infections in Asia, particularly in India and Japan, has weighed on sentiment and slowed the rise of ICE Brent value compared to NYMEX WTI. However, the North Sea Dated premium to WTI Houston widened in May by 76¢ m-o-m, to average $2.61/b, as a result of firm North Sea crude values that continued to be supported in May by significant low production. However, in the USGC, the US crude exports remained volatile and low at around 2.8 mb/d in May, according to EIA weekly data.

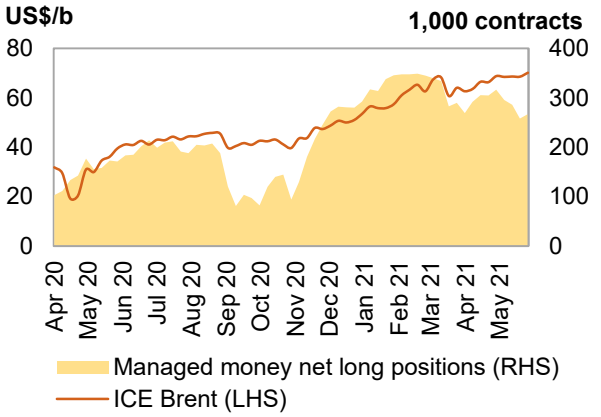
Despite higher futures oil prices in May, **hedge funds and other money managers** reduced their futures and options net-long positions in crude by 7.8% and were net sellers of about 53 mb between the week of 27 April and 25 May. The decline in net long positions was mainly in the ICE Brent contract that saw a decline of 15.3%. Money managers continued to show some cautiousness regarding their positioning in ICE Brent as surging COVID-19 infections in some Asian countries, specifically in India, raised concerns about the pace of oil demand recovery and weighed on investor confidence. Furthermore, the rise of oil prices to multi-month highs probably prompted some speculators to take some profits. However, in NYMEX WTI, speculators kept related futures and options net-long positions little changed, declining by only 1.7%, as strong US economic data and prospect of a rebound of US oil demand in the summer driving season kept money manager more optimistic about NYMEX WTI oil price outlook.

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.

Speculators were net sellers of about 47 mb in Brent, and combined futures and options net long positions related to Brent fell by 46,647 contracts, or 15.3% lower, to reach 258,452 lots in the week to 25 May, its lowest level since early December 2020, according to the ICE Exchange. This is mainly due to the rise in short positions. In the week ending 25 May, gross short positions rose by 17,770 lots, or 20.5%, to 104,275 contracts, its highest level since early November 2020. Gross long positions fell by 28,877 lots, or 7.4% lower, to 362,727 contracts during the same period.

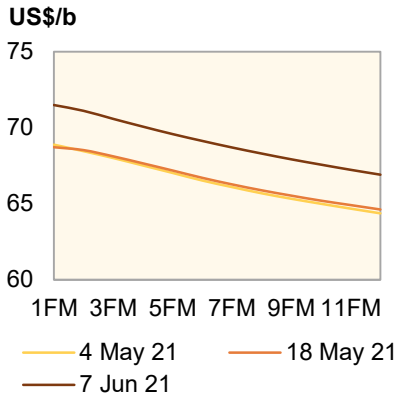
Hedge funds and other money managers also cut their positions related to NYMEX WTI in May but at a slower rate. Combined futures and options net long positions in NYMEX WTI decreased by 6,423 contracts, or 1.7%, to 365,855 lots in the week to 25 May. This was due to a rise in short positions by 1,063 lots, or 2.5%, to 44,385 contracts, and long positions fell by 5,360 contracts, or 1.3%, to 410,240 contracts, according to the US Commodity Futures Trading Commission (CFTC).

The futures market structure

The **market structure** of all three major oil benchmarks remained in sustained backwardation in May as oil markets continue to tighten and investors were optimistic about further oil demand recovery in the summer holidays season, including in the US and Europe, and some positive preliminary data showing higher oil demand as well as rising road traffic indexes in almost all regions. The prospect of a restrained global oil supply growth and gradual adjustment of crude production from the DoC also contributed to maintaining the market in steep backwardation. However, compared to April, the ICE Brent forward curve eased slightly in the front.

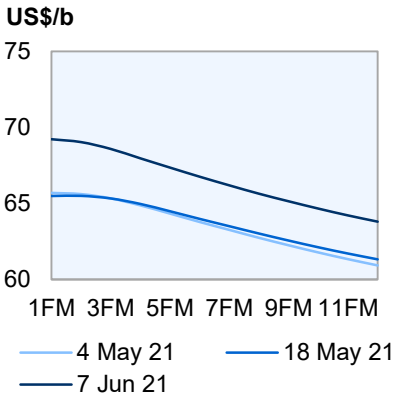
The backwardation in **Brent** remained firm in May but eased compared to the previous month as worries about the deteriorating COVID-19 situation in India and other Asian countries along with reinstating mobility restriction and local lockdown raised concerns about near term oil demand and weighed more on near-month prices compared to forwards. Traders were re-evaluating the near-term supply/demand outlook. The ICE Brent M1/M3 backwardation narrowed to its lowest since last March on a daily basis, suggesting that the market perception of the global supply/demand outlook deteriorated. On a monthly average, the ICE Brent M1-M3 spread narrowed by 24¢, from a backwardation of 91¢/b in April, to a backwardation of 66¢/b in May. The ICE Brent's first to the sixth month also narrowed in May by 14¢ to $1.97 backwardation.

Graph 1 - 4: ICE Brent forward curves



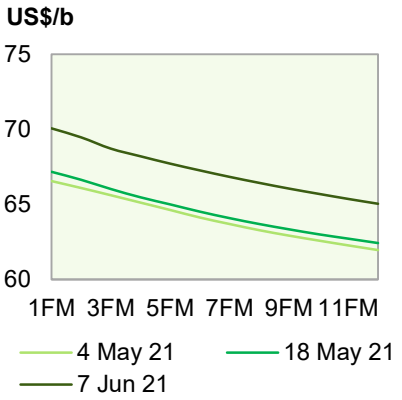
Sources: ICE and OPEC.

Graph 1 - 5: NYMEX WTI forward curves



Sources: CME and OPEC.

Graph 1 - 6: DME Oman forward curves



Sources: DME and OPEC.

The return of firm buying interest from Chinese refiners and a wide Brent/Dubai spread that make Atlantic Basin crude shipments to Asia- Pacific less favorable, as well as the expectation of a gradual increase of sour crude from Middle East producers, which kept **DME Oman** forward curve in backwardation. On a monthly average, the DME Oman M1-M3 spread narrowed marginally by 4¢ to a backwardation of 96¢/b in May, from a backwardation of $1.00/b in April.

However, in the US, the backwardation structure of **NYMEX WTI** strengthened over last month and the forward curve steepened on the front on the prospect of tightening supply/demand fundamentals in the US oil market amid expectation of rising demand for transportation fuels in the summer holiday season. US road and air traffic data showed gradual recovery amid easing COVID-19 mobility measure. The NYMEX WTI forward curve strengthened on declining US crude stocks in May including in Cushing, Oklahoma, trading hub. US crude oil stocks fell by 19 mb between the week of 28 May and the week of 2 April, according to the EIA weekly data. Furthermore, the US utilization of refinery continued to recover over last month to reach 88.7% of total operable capacity in the week to 28 May, its highest level since Mid-February 2020. The NYMEX WTI first-to-third month spread widened by 19¢ to a backwardation of 36¢/b on average in May, compared to a backwardation of 18¢/b one month earlier

Regarding the **M1/M3 structure**, the North Sea Brent M1/M3 spread narrowed in May on a monthly average by 50¢ to a backwardation of 43¢/b, compared to 92¢/b in April. Nonetheless, in the US, the WTI M1/M3 backwardation widened in May by 20¢ to 34¢/b, compared to a backwardation of 14¢/b in April. The Dubai M1/M3 backwardation also widened on average in May by 11¢ to a backwardation of $1.17/b.

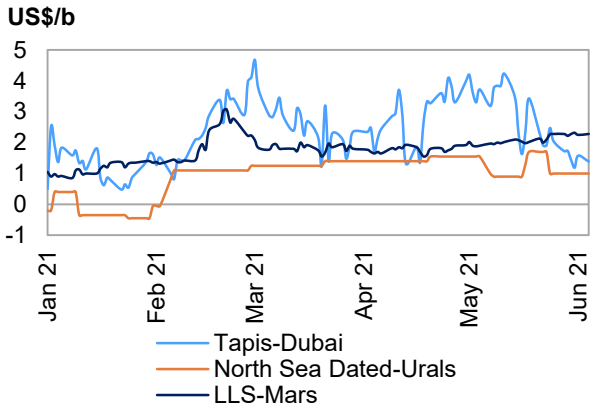
Crude spreads

The **sweet/sour crude differential** widened in Asia and the USGC in May on better performance of light sweet crudes compared to heavier, while in Europe, the spread narrowed although it remained wide. The better performance of light distillate products, specifically gasoline, compared to heavier distillates like fuel oil, contributed in widening the sweet/sour crude differential.

In **Europe**, the value of sour crude Urals rose more than most light sweet crude in northwest Europe, resulting in a narrowing spread between the Urals and the North Sea Dated, although it remained wide. Urals crude value improved slightly in May on firm demand from European and Asian refiners, specifically from China amid favorable arbitrage economics. The spread between North Sea Dated and Urals narrowed in May by 19¢ to an average of $1.25/b, compared to a spread of $1.44/b in April. Urals crude differential in northwest Europe and the Mediterranean also recovered deep discounts.

On a monthly average, Urals crude differentials in northwest Europe rose 60¢ to stand at a discount of $1.93/b to North Sea Dated.

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



Sources: Argus, OPEC and Platts.

In **Asia**, the Tapis premium over Dubai increased further last month on improving the light sweet crude value as domestic light sweet crudes continued to be more attractive due to a wide Brent-Dubai EFS spread, which remained above $3/b in May on average, discouraging the flow of west-east arbitrage for Atlantic-Basin crudes. Firm demand for the Middle East sour crude from the Asia Pacific on the prospect of rising demand in coming months as well as a gradual increase of sour crude supply kept sour crude values firm. The Tapis-Dubai spread widened by 27¢ m-o-m in May, to average $3.01/b.

In the **USGC**, the Light Louisiana Sweet (LLS) premium over medium sour Mars widened in May by 27¢/b m-o-m, to $2.03/b. Light sweet crude value was supported by strengthening light distillate margins like gasoline, increasing US refinery intakes, the continuing decline in US crude oil stocks in US Petroleum Administration for Defense Districts 3 (PADD 3), as well as healthy demand of light sweet crude from European refiners. In the meantime, Mars sour crude value was under pressure from lower fuel oil margins in the USGC and higher sour supplies of sour crude from the US Strategic Petroleum Reserve (SPR).

Commodity Markets

Energy commodities prices rose strongly in May with across the board increases in crude oil, coal and natural gas. Coal prices increased steadily over the month on the back of warmer than average weather in North East Asia, as well as supply disruptions. Natural gas prices were supported, as in April, by lower than average temperatures in Europe, which delayed inventory replenishment, while in the US the expectation of higher demand due to warmer than average temperatures also supported prices. Crude oil prices rose on increased optimism of demand recovery and market rebalancing.

Base metals rose to their highest since 2011, supported by global manufacturing expansion, a further easing in the US dollar value and some concerns about supply disruption. Gold prices jumped, erasing this year's losses, as real interest rates in US dollar declined.

Trends in selected commodity markets

The **energy price index** rose m-o-m by 7.1% in May, with increases in crude oil, coal and natural gas. The average index level is up by 57% in the period January-May 2021, compared with the same five months in 2020. The very low prices experienced in 2Q20 contribute heavily to the y-o-y comparisons.

The **non-energy index** rose by 6.8% m-o-m, with base metals rising by 7.5% and agriculture commodities up by 5.7%. The non-energy index was up by 35% in the January-May 2021 period, compared to the same period of 2020.

Table 2 - 1: Commodity prices

Commodity	Unit	*Monthly averages*			*% Change*	*Year-to-date*	
		Mar 21	Apr 21	May 21	May 21/Apr 21	2020	2021
Energy*	Index	**79.8**	**79.4**	**85.0**	**7.1**	**49.9**	**78.6**
Coal, Australia	US$/mt	94.9	92.2	107.0	16.1	63.0	93.6
Crude oil, average	US$/b	63.8	63.0	66.4	5.5	39.7	61.4
Natural gas, US	US$/mbtu	2.6	2.6	2.9	10.5	1.8	3.2
Natural gas, Europe	US$/mbtu	6.1	7.1	8.9	24.7	2.6	7.1
Non-energy*	Index	**105.2**	**108.2**	**115.6**	**6.8**	**79.3**	**107.0**
Base metal*	Index	**109.0**	**113.5**	**121.9**	**7.5**	**72.6**	**109.8**
Precious metals*	Index	**135.6**	**138.4**	**145.8**	**5.4**	**120.7**	**141.6**

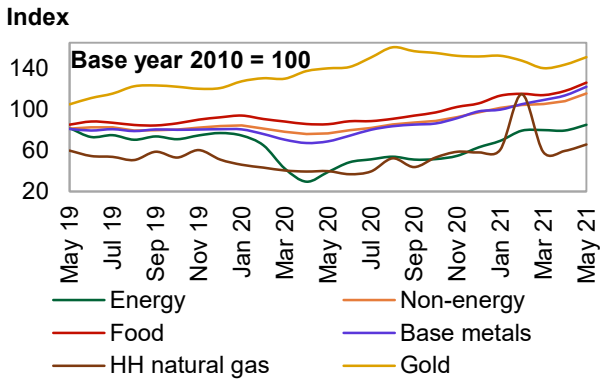
*Note: * World Bank commodity price indices (2010 = 100).*
Sources: World Bank and OPEC.

In May, the **Henry Hub natural gas price** rose m-o-m to $2.9/mmbtu. Prices were up and down for the most of the month due to changing weather patterns across regions, however, the expectation of warmer than average weather towards the end of the month supported higher prices. According to the US Energy Information Administration, utilities added 98 bcf to working gas underground storage during the week ending 28 May 2021. This build left total working gas in underground storage at 2.313 bcf, around 2.6% below the latest five-year average. At the end of April, stocks were 3.0% below the five-year average.

Natural gas prices in Europe rose strongly in May with the average **Title Transfer Facility price** up by around 25% m-o-m at $8.9/mmbtu. The trend of lower than average temperatures persisted for most of the month, which supported prices. At the same time, EU carbon emission prices surpassed $60/MT, which favours natural gas usage *versus* coal. EU inventories ended May around 38% full, according to Gas Infrastructure Europe. Inventories were approximately 73% full at the end of May last year. Higher natural gas demand in North East Asia has also supported LNG hub-based prices, which favours exports to that region.

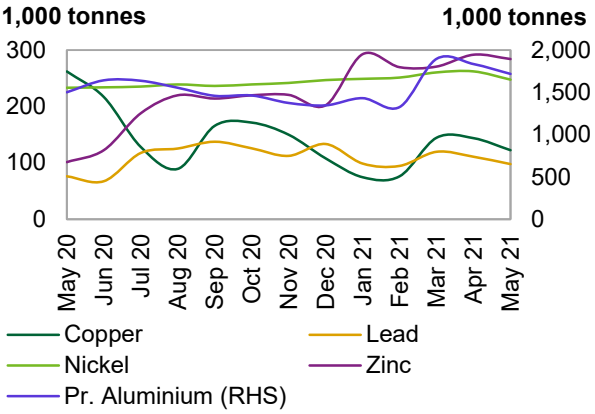
Australian thermal coal prices rose m-o-m by 16.1% in May to $107.0/mt. In the January-May 2021 timeframe, prices were around 48.5% higher than the same period last year. Prices strengthened due to warmer than average weather in Northeast Asia, and strong industrial activities, which have spurred higher thermal power demand. Back in April, thermal power generation in China was 12.5% higher y-o-y, while coal output declined by 1.8% y-o-y, according to official data. Higher prices for competing fuel natural gas has also supported coal prices in North East Asia.

Graph 2 - 1: Major commodity price indices



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

Graph 2 - 2: Inventories at the LME



Sources: LME, Thomson Reuters and OPEC.

The **base metal price index** rose m-o-m by 7.5% in May supported by the continuing expansion in global manufacturing activity, a lower US dollar value and concerns of supply disruption for selected metals.

Average monthly copper prices rose m-o-m in May by 9.0% to average $10,161/Mt, which is a record high. Average prices in the January-May 2021 period were 65% higher than in the same period of 2020. As in April, concerns about lower output from South America and strong manufacturing activities supported prices. In addition, stock levels at the London Metal Exchange (LME) declined to 122,425 tonnes at the end of May from 143,725 tonnes in April. However, International Copper Study Group (ICGS) estimations for the refined copper balance (adjusted for unreported Chinese inventories) in the first two months of 2021 showed a surplus of 140,000 tonnes, suggesting a less tight market at the beginning of the year.

Iron ore prices rose m-o-m in May by 15.5% to a monthly average of $207.7/mt, a record high. Average prices in the January-May 2021 period were 97% higher compared with the same period last year. Steel making activity rose at a global level by 23.3% in April 2021 compared to the same month last year. Chinese iron ore imports declined by 8.9% in May, but they remain up by 6.0% in the January-May 2021 period compared to the same months last year.

In the group of **precious metals**, gold advanced by 5.1% m-o-m in May with further declines in real interest rates in US dollars, reversing the 1Q21 losses. Financial investors further increased their positions for the second month.

Investment flows into commodities

Money Managers' position across net length increased in natural gas, copper and gold during the month. In general, investors continue to show an optimistic view in commodities going forward.

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

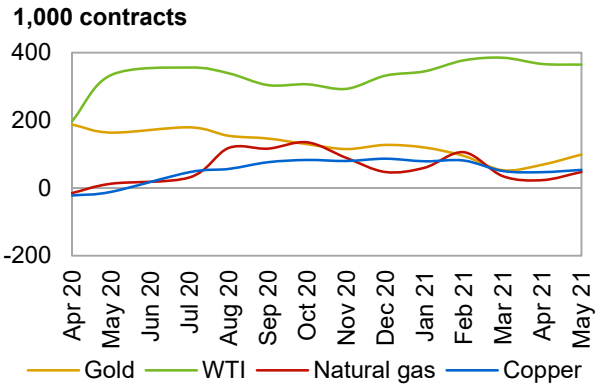
Selected commodity	*Open interest*		*Net length*			
	Apr 21	May 21	Apr 21	%OI	May 21	%OI
Crude oil	2,975	3,081	367	12	365	12
Natural gas	1,203	1,207	23	2	48	4
Gold	639	699	69	11	99	14
Copper	260	268	47	18	53	20

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

Sources: CFTC and OPEC.

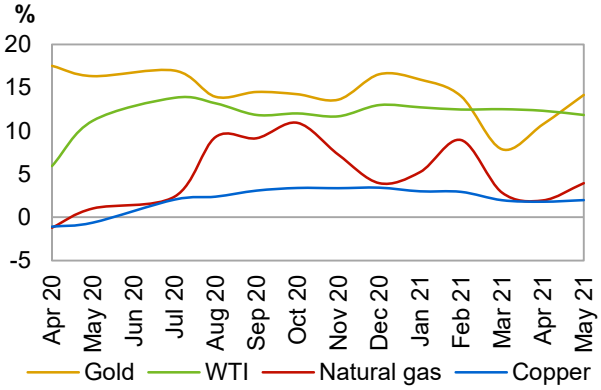
Henry Hub's natural gas OI rose m-o-m by 0.5% in May. Money managers' net long position doubled to 47,610 contracts from 23,398 contracts the previous month, on expectations of higher demand due to warmer than average temperatures.

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



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

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



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

Copper's OI increased by 3.3% in May. Money managers' increased their net length by 14.1% m-o-m to 53,330 contracts from 46,752 lots the previous month, amid lower inventories.

Gold OI increased by 3.3% in May. Money managers' net length rose by 44% to 98,879 contracts from 68,657 contracts the previous month, on lower real interest rates in USD.

World Economy

The recovery in the global economy continues. The positive dynamic in the US seems to have gained further pace in 2Q21, while the Euro-zone and Japan have remained impacted by lockdown measures during this period. With the exception of China, the pandemic has continued to impact growth in emerging and developing economies, especially India. With these counterbalancing forces, the 2021 global economic growth forecast remains unchanged at 5.5%. The growth estimate for 2020 was revised up slightly, due to better-than-expected 4Q20 output numbers in the OECD, and now stands at -3.4%, compared to -3.5% in the previous month.

The underlying assumptions for world economic growth in 2021 are unchanged. This includes the assumption that by the beginning of 2H21, COVID-19 will be largely contained in the sense that the majority of the population in the advanced economies will be vaccinated and that the pandemic will not pose a major obstacle for major emerging economies by then. In addition, forced private household savings during the lockdowns are forecast to accelerate global economic growth in 2H21 via pent-up demand, especially in the contact-intensive sectors. This dynamic has already started to materialise in major OECD economies, confirming this assumption.

There are still some significant uncertainties. The path of the COVID-19 pandemic will be the overarching factor impacting the near-term pace of the recovery, with the potential emergence of new COVID-19 variants and/or mutations posing a particular risk. Moreover, sovereign debt in most economies has risen to levels at which a lift in interest rates could cause severe fiscal strain. While key interest-rates are still low and are assumed to stay at a very accommodative level in the near-term, inflation scares have come to the forefront very recently, fuelling a debate if the low interest rate environment will have to end soon. It is still too early to conclusively define if the rising inflation, with a special focus on US developments, is indeed temporary. However, the subject warrants close monitoring.

The OECD growth estimate for 2020 was revised up to -4.7%, from -4.8%. OECD growth for 2021 remains at 4.8%, with counterbalancing effects from an accelerating US economy, while the Euro-zone and Japan are facing a delayed recovery due to ongoing lockdowns.

In the emerging economies, India's growth forecast for 2021 was revised down to 9.5% from 9.7%, taking into consideration further negative impacts from the ongoing COVID-19 challenges in the country. India's 2020 GDP growth stood at -7.0%. Following growth of 2.3% in 2020, China's GDP forecast was revised up to 8.5% in 2021 from 8.4% in the previous report. Brazil's forecast for 2021 remains at 3.0%, following a contraction of 4.1% in 2020. Russia's growth forecast for 2021 remains unchanged at 3.0%, after contracting by 3.1% in 2020.

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

	World	OECD	US	Euro-zone	UK	Japan	China	India	Brazil	Russia
2020	**-3.4**	**-4.7**	**-3.5**	**-6.7**	**-9.9**	**-4.7**	**2.3**	**-7.0**	**-4.1**	**-3.1**
Change from previous month	0.1	0.1	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0
2021	**5.5**	**4.8**	**6.4**	**4.1**	**5.0**	**2.8**	**8.5**	**9.5**	**3.0**	**3.0**
Change from previous month	0.0	0.0	0.2	-0.1	0.0	-0.2	0.0	-0.2	0.0	0.0

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

Source: OPEC.

Global

Update on latest developments

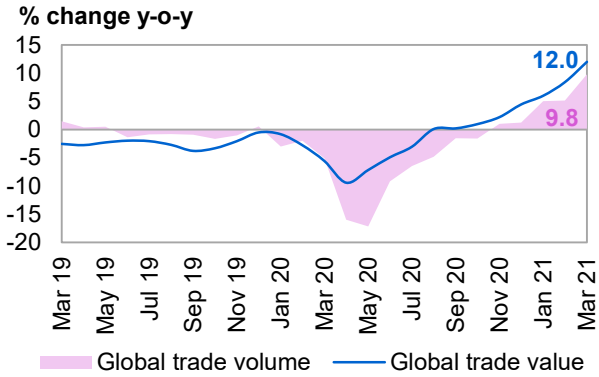
The recovery of the **global economy** continues, albeit at a diverging pace. The US has continued to drive the rebound in western economies, while the Euro-zone and Japan have continued to remain negatively impacted by lock-down measures that were extended into 2Q21. Within the emerging and developing economies the pandemic remains as well at the forefront and with only China having widely contained the pandemic. In India the latest wave has very likely pushed GDP growth in 2Q21 into the negative despite the major stimulus efforts that were undertaken by the government. Russia and Brazil are both still being challenged by COVID-19, but have already started to benefit from the recovery in global trade and the rise in commodities demand, as well

as their improving price environment. With some further easing of lock-down measures across the world, a gradual shift from manufacturing and non-contact intensive services to contact-intensive services areas is materialising. This applies primarily to the sectors of travel and tourism, hospitality and leisure. This has led to a pick-up in activity in the Euro-zone, with many countries being deeply invested in the tourism sector. Also selective Asian economies benefitted from this re-emerging activity in travel and tourism, further supported by the rebound in China.

Inflation was a prominent subject that was discussed very recently. US inflation rose significantly in almost all important measures. US total inflation stood at more than 4% in April and while Euro-zone inflation has shot up considerably, it stood at a much lower level, around 2%, in May. This has raised concern that central banks may be pressured to raise interest rates from the current relatively low or in some cases even negative level. It is still too early to conclusively define if the rising inflation in especially the US is transitory or if there is a sustained momentum towards unhealthy and higher inflation. When disaggregating the reasons for the recent jump in US inflation it is obvious that the base effect from last year's pandemic pushes up inflation on a yearly comparison, which is the most watched measure. US CPI inflation in April stood at 4.15% y-o-y, but last year's April and May inflation index levels declined due to the pandemic. Moreover, the strong annual rise in energy and food prices drove April inflation too. By excluding these two volatile components inflation would have stood at 2.96% y-o-y. Additionally, reopening effects and temporary supply shortages are driving the current inflation level and it remains to be seen if this is a continued trend. As a consequence of the pandemic, semi-conductors doubled prices over the last year and led to supply shortages in industrial production, leading to rising prices in a variety of goods. Finally, it remains to be seen how the ongoing US labour supply shortages will develop. Due to the extension of unemployment payments, childcare necessities during the still ongoing pandemic and the fear of retuning back to the office amid infection risks, the US labour participation rate has decline from more than 63% pre-pandemic to only 61.7% in April. If that continues, wages and earnings could see a sustained lift, with a real scare to rising and unhealthy inflation. However, taken positively it could also be argued that there is still significant slack in the global labour market and that therefore inflation pressure may ease in the near term. Moreover, peak-recovery growth may be seen in either 2Q21 or 3Q21 so the pricing pressures fuelled by the reopening effects may also abate towards the end of the year.

Global trade has continued its considerable rebound This is thanks to the base effects from the large declines in the last year, but also due to the ongoing dynamic in global economic activity. In March, world trade volumes rose by 9.8% y-o-y, after a rise of 5.2% y-o-y in February, based on the CPB World Trade Index provided by the CPB Netherlands Bureau for Economic Policy Analysis. This marks the fifth monthly rise in global trade volumes. Trade improved in value terms as well, rising by 12% y-o-y in March, compared with 8.5% y-o-y in February.

Graph 3 - 1: Global trade



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

Near-term expectations

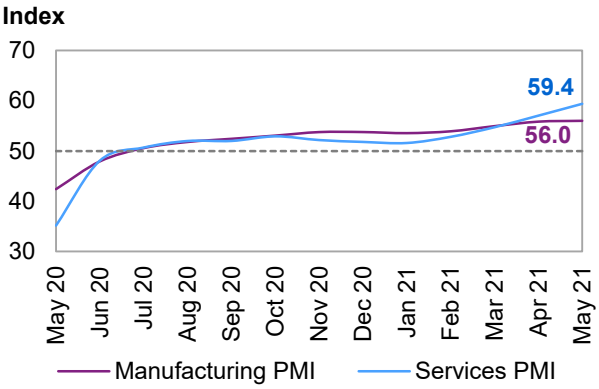
The global near-term expectations have only changed marginally, reflecting selective adjustments in the OECD with an ongoing acceleration in the US, while the Euro-zone and Japan had continued difficulties amid ongoing lockdowns. This kept the OECD growth forecast unchanged at 4.8%. In the emerging and developing economies growth forecast are also almost unchanged. Importantly India was revised down slightly from 9.7% to 9.5%, amid the ongoing COVID-19 related challenges.

The underlying assumption for the rest of 2021 is that by the beginning of 2H21, COVID-19 will be largely contained in the sense that the majority of the population in the advanced economies will be vaccinated and that the pandemic will not pose a major obstacle for major emerging economies by then. While growth in 1Q21 will still be particularly hit by the pandemic across the world, the recovery in OECD Americas, particularly in the US by 2Q21, is estimated to have gradually lifted the momentum. However, the Euro-zone, Japan, Latin American economies and, importantly, India will still be impacted by COVID-19 to a larger extent in 2Q21. With these base-assumptions, 1Q21 global GDP growth is forecast to stand at 0.4% q-o-q and to accelerate to a level of 1.4% q-o-q in 2Q21. The major acceleration is then forecast to materialize in the 2H21 with 3Q21 growth forecast at 2.6% q-o-q and 4Q21 growth at 1.9% q-o-q. While the progress in industrial output is forecast to continue in 2H21, the recovery in 2H21 will be significantly supported by a rebound in contact-

intensive sectors, especially travel and tourism, as well as leisure and hospitality. Importantly, it is assumed that inflation will stay at reasonable levels so that central banks, particularly the US Federal Reserve will not raise interest rates unexpectedly.

Global purchasing managers' indices (PMIs) in May was showing a gradual sector rotation from manufacturing to the services sector. The global manufacturing PMI stood at 56 in May, compared to 55.9 in April and an already strong index of 55 in March and 53.9 in February. The global services sector PMI rose by a considerable 2.5 index points to stand at 59.4 from 57 in April, a further strong pick-up from 54.7 in March and 52.8 in February.

Graph 3 - 2: Global PMI



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

An acceleration of improvements in 2Q21 in OECD Americas and a continuation of global momentum in 2H21 is anticipated to lift 2021 **GDP growth** to a level of 5.5%, unchanged from the previous month. The growth estimate for 2020 was revised up slightly to stand at -3.4%, compared with -3.5% in the previous month. Numerous challenges remain and need close monitoring in the coming months. Among the most pressing issues are the possibility of emerging new COVID-19 variants and the consequent efficacy of vaccines.

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

	World
2020	**-3.4**
Change from previous month	0.1
2021	**5.5**
Change from previous month	0.0

*Note: * 2021 = Forecast.*

Source: OPEC.

Also inflationary developments will need to be followed as the danger of rising interest rates, especially in the US, and consequent repercussions for the global economy would potentially derail the ongoing strong recovery.

OECD

OECD Americas

US

Update on the latest developments

The growth dynamic in the US remains fuelled by a combination of the successful vaccination roll-out, pent-up demand and the ongoing considerable stimulus measures that are key to finance the rebound. 1Q21 GDP growth was confirmed at 6.4% q-o-q seasonally adjusted annualised rate (SAAR). The net personal savings rate as a percentage of net disposable personal income is pointing at a continued spending ability, standing at 14.9% in April, a decline from 27.6% in March, but comparing to averages of past years of around 7%. Continuing consumer spending is also supported by a rise in **consumer confidence,** which kept a supportive level in May, when it stood at 117.2, almost unchanged from 117.5 in April, based on the index provided by the Conference Board.

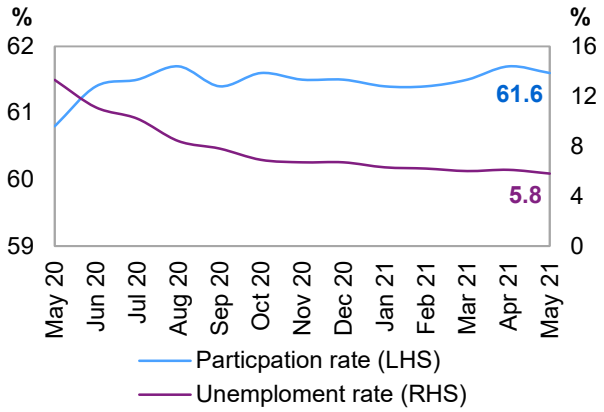
While the government aims at further stimulus measures, the Fed has also continued its strong support, expanding its balance sheet by $326 billion in 1Q21, pointing to a continuation of its accommodative monetary policy. However, recently the topic of overheating and inflation in the US economy was widely discussed as the possibility of rising interest rates to avoid overheating the economy could dampen the ongoing growth path. In the meantime, important lead-indicators are pointing to a continued improvement into 2Q21. US CPI inflation stood at 4.2% y-o-y in April. However, among other COVID-19 related inflation effects, the base from 2020 is greatly distorted by the effects of the pandemic-induced lockdowns back then. Last year's April and May inflation index levels declined due to the pandemic. Moreover, the strong annual rise in energy and food prices

drove April inflation too. By excluding these two volatile components inflation would have stood at 3% y-o-y. Importantly, reopening effects and temporary supply shortages are driving the current inflation level and it remains to be seen if this is a continued trend.

In this regard, it remains to be seen, how the ongoing US labour supply shortages will develop. Due to the extension of unemployment payments, childcare necessities during the still ongoing pandemic and the fear of retuning back to the office amid infection risks the US participation rate has declined from more than 63% pre-pandemic to only 61.6% in May. If that continues, wages and earnings could see a sustained lift, with a real scare to rising and unhealthy inflation. However, taking this positively it could also be argued that there is still significant slack in the US labour market and that therefore inflation pressures may ease in the near term. Moreover, peak-recovery growth may be seen in 2Q21 in the US, so the pricing pressures fuelled by the reopening effects may also abate towards the end of the year.

The labour market gained partial strength again in May with the **unemployment rate** falling to 5.8%, compared to 6.1% in April. Non-farm payroll additions increased by 559.000 in May, compared with upwardly revised additions of 278.000 for April. However, employers have continuously pointed at the challenges to recruit.

Graph 3 - 3: US monthly labour market



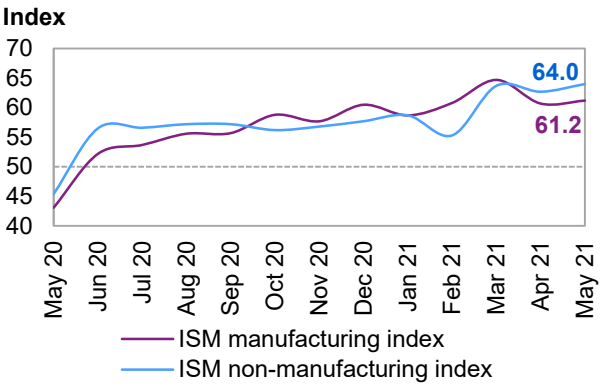
Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

After 1Q21, GDP growth of 6.4% q-o-q SAAR, 2Q21, growth is forecast to accelerate to 9.0% q-o-q SAAR in 2Q21. Growth in 3Q21 is forecast to reach 6.8% q-o-q SAAR, and then slow down to 2.8% q-o-q SAAR in 4Q21. With this slow-down towards the end of the year, the current inflationary pressures should taper off to some extent. Growth in 2H21 is forecast to remain supported by ongoing consumer spending and investment. A significant lift in growth will come from the contact-intensive service sectors, which has already seen a strong rebound in 2Q21. Findings from the Secretariat show that the latest 1.9 trillion USD fiscal stimulus plan, the American Rescue Plan, supports GDP growth up to around 7.5 pp for 2021. The effectiveness of these and other stimulus measures will determine how much at the end US GDP growth will be supported, but with additional fiscal measures that may be implemented by the US administration alter in the year US GDP growth could reach 7% or higher in 2021. Major uncertainties, mainly associated with the pandemic, remain. An important concern is that inflation will rise at such a pace that market rates will carry an unexpected dynamic, impairing the ongoing recovery.

The economy's recovery continues to be reflected in **May's PMI** levels as provided by the Institute for Supply Management (ISM), indicating an ongoing pickup in the coming months with a sector rotations from manufacturing to the services sector. The manufacturing PMI rose to 61.2, compared with 60.7 in April and 64.7 in March. The services sector rose to 64 in May, after 62.7 in April and 63.7 in March.

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



Sources: Institute for Supply Management and Haver Analytics.

The current forecast anticipates that COVID-19 will be widely contained in 2H21. Hence a strong rise in consumption and investment is forecast to provide the two main pillars for a solid recovery. Supported by fiscal and monetary stimulus, growth is forecast at 6.4%, compared with the previous month's forecast of 6.2%. Growth prospects are further tilted towards the upside, but COVID-19-related uncertainties, inflationary challenges and, to some extent, domestic political challenges remain. Growth in 2020 stood at -3.5%.

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

	US
2020	**-3.5**
Change from previous month	0.0
2021	**6.4**
Change from previous month	0.2

*Note: * 2021 = Forecast.*

Source: OPEC.

OECD Europe

Euro-zone

Update on the latest developments

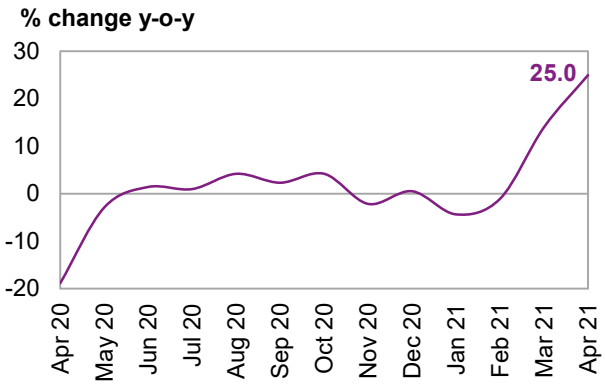
While the **Euro-zone** has been impacted by continuous lock-down measures in 1H21, the easing of these restrictions amid the successful vaccination rollout and the consequent decline in COVID-19 infections have led to the expected pickup in economic activity towards the end of 2Q21. The vaccination drive is accelerating further and expected to reach more than 50% in the summer time. The rebound, particularly in the contact-intensive services sector and global trade are supporting the momentum. In the meantime, growth in 2H20 was revised up slightly by the Euro-zone's statistical office, so that full-year 2020 GDP growth now stands at -6.7%, compared to -6.8% in the previous month. 1Q21 GDP growth was reported at -0.6% q-o-q seasonally adjusted (SA), translating into a 1Q21 yearly decline of -1.8%.

The European Central Bank (ECB), has continued its accommodative monetary policies, but will need to carefully monitor price developments as inflation rose to 2% in May. But as in other western economies, it remains to be seen if the rise in inflation is a temporary phenomenon or if it is a dynamic that will continue. In addition to inflation concerns, growth in lending to the private sector, an important lifeline of liquidity in the Euro-zone, has slowed down over the last months, although remaining at a strong level. Lending to the private sector by monetary financial institutions stood at 2.6% y-o-y in April, after 3.2% y-o-y in March and 3.8% y-o-y in both January and February. However, with the rising activity in Euro-zone economies, lending is forecast to pick up again, also supported by an accelerated pace of the ECB's bond buying programme for three months, as announced in March.

Supported by the ongoing social welfare measures in the Euro-zone and the now accelerating pace of the recovery, the **labour market** has continued improving. The latest available April numbers from Eurostat point to an improving situation, as the unemployment rate stood at 8% in April, after 8.1% in March and 8.2% both February and January.

The rise in **retail sales** growth reached a very high level, given the low base from 2020, rising by 25% y-o-y in April, after 14% in March, both on a seasonally adjusted base. This translates into a monthly decline of 3.2% in April, after a rise of 3.7% in March. Similarly **Industrial production** (IP) rose considerably on a yearly base, rising by 10.7% y-o-y in March, following a decline of 1.6% y-o-y in February.

Graph 3 - 5: Euro-zone retail sales



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

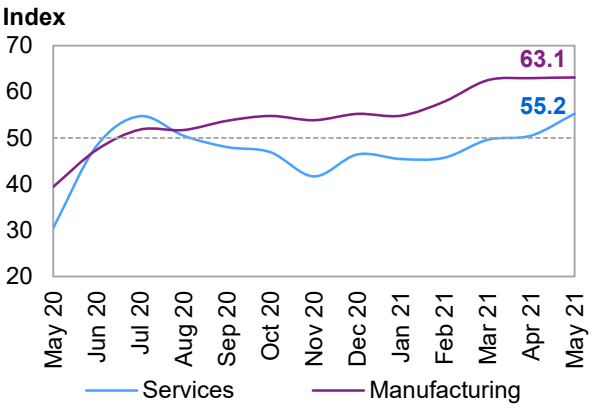
Near-term expectations

The momentum in the Euro-zone seems to have gained pace towards the end of 2Q21 and is forecast to accelerate further into 3Q21. This will be significantly lifted by the rising activity in the contact-intensive services sector, mainly in travel and tourism, hospitality and leisure. Furthermore the government-led stimulus is also providing a sound financial base for the recovery. In addition, the momentum in the Euro-zone's major trading partners, the US and China, has gained considerable pace, leading to rising trade activity with the Eurozone. 1Q21 GDP growth was reported at -2.5% q-o-q SAAR, affected by lockdowns and other COVID-19-related

social-distancing measures. By 2Q21, growth is forecast to accelerate to 4.5% q-o-q SAAR. The main pick-up on a quarterly level is then forecast to materialize in 3Q21, when domestic consumption, investments and a rise in exports are all forecast to lift GDP growth to 10.8% q-o-q SAAR. 4Q21 is still expected to be strong and reach 5.7% q-o-q SAAR. The recovery is thus forecast to be delayed when compared to the US and China, which both have a more frontloaded recovery. This, in turn, may also fuel foreign direct investments into the Euro-zone in 2H21 and support the euro, but this will also depend on interest rate developments in the US.

The May **PMI** for the Euro-zone economy pointed to an ongoing improving situation in the manufacturing and services sectors. Momentum in the services sector is forecast to gain significant pace in the coming months. The manufacturing PMI rose to 63.1, after 62.9 in April and 62.5 in March. The PMI for services, the largest sector in the Euro-zone, rose to 55.2 in May, after 50.5 in April. These rising levels in the services sector compare to 49.6 in March and 45.7 in February.

Graph 3 - 6: Euro-zone PMIs



Sources: IHS Markit and Haver Analytics.

Lockdown measures have been eased in 2Q21, which has led to an accelerating economic momentum. Ongoing progress in vaccination programmes, in combination with fiscal and monetary stimulus among other factors, should lift growth towards 2H21. By the end of 2Q21, growth should have gained strong traction. While the prospects for the successful containment of COVID-19 and further improvements in the global economy are providing upside support, the slow-down in 1H21 is leading to a downward revision to 4.1% for GDP growth in 2021, compared with 4.2% in the previous month.

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

	Euro-zone
2020	**-6.7**
Change from previous month	0.1
2021	**4.1**
Change from previous month	-0.1

*Note: * 2021 = Forecast.*

Source: OPEC.

This comes after an upwardly revised GDP decline of 6.7% for 2020, compared to the previous estimate of the Euro-zone's statistical office, which stood at -6.8%.

OECD Asia Pacific

Japan

Update on latest developments

Japan's economy remains impacted by lockdown measures during most of 1H21. Hence the domestic activity is estimated to have been muted in most of the year so far, particularly in the services sector. In the meantime industrial production has performed well as this has been very much supported by external trade. The vaccination drive has progressed as it is becoming more imminent for the government, especially with the Summer-Olympics in Tokyo getting closer. The government is now aiming at getting the part of the population older than 65 vaccinated by summer. This accounts for around a third of the population. In the meantime 2020 GDP growth has been revised up for 2H20 to higher growth rates by the statistical office. The decline in GDP for the calendar year of 2020 now stands at -4.7%, compared to the previous estimate of -4.9%.

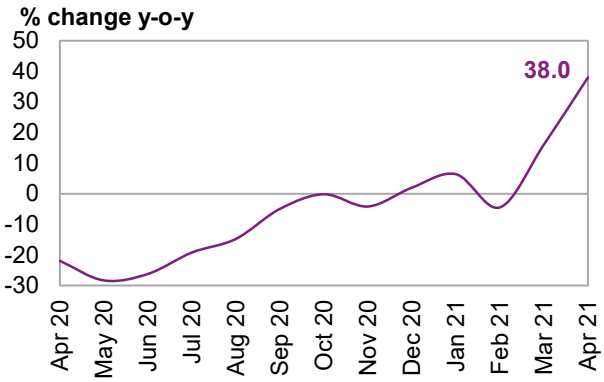
However, growth in 1Q21 was reported at -5.1% q-o-q SAAR as it has been significantly impacted by lockdown measures. While 2Q21 seems to show positive growth, the level seems to be still very low as it is impacted by the extended lockdown measures. In the meantime, consumer confidence and business sentiment have improved, confirming a better pace, despite the re-emerging lockdown measures.

Growth in **industrial production (IP)** was significantly positive in April, rising by 14.1% y-o-y, but very much driven by last year's base effect, given a significant pandemic related decline in April last year. Positively, also on a monthly base the rise was considerable due to underlying improvements in exports, benefitting from rising global trade and mobility. Consequently, the monthly rise of IP stood at 2.4% m-o-m in April.

Growth in **exports** recovered strongly as well, rising by 38% y-o-y in April, after 16.1% y-o-y in March on a non-seasonally adjusted base, following a decline of 4.5% y-o-y in February. **Retail sales** picked up, expanding by 12% y-o-y in April, after a rise of 5.2% y-o-y in March and growth of 3.7% y-o-y in February.

Consumer confidence retracted slightly, as reported by the Cabinet Office. It stood at 34.3 in May, compared with 34.8 in April and 36.2 in March, but still higher than in February, when it reached 33.9.

Graph 3 - 7: Japan's exports



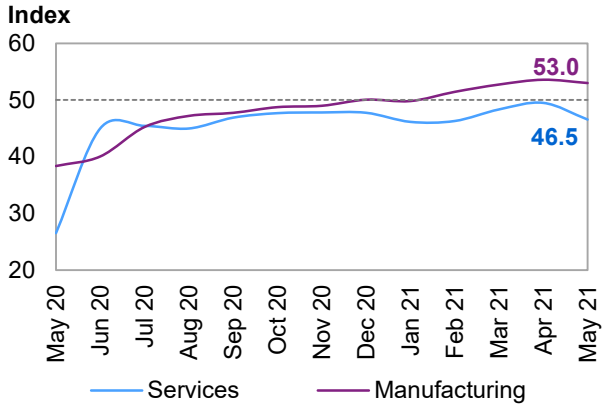
Sources: Ministry of Finance, Japan Tariff Association and Haver Analytics.

Near-term expectations

Japan is forecast being able to participate in the global recovery in both external and domestic trade with its vaccination roll-out estimated to make progress, as this will also be an important factor for hosting the summer Olympics. After the 1Q21 GDP decline of 5.1% q-o-q SAAR, it is assumed that the virus will be widely contained in Japan towards the end of 2Q21 and a strong rebound is expected to materialise by 2H21. Given that the level of stringency of the lockdown has been increased compared to previous ones, it is likely to drag growth by around 1 percentage points in 2Q21. Growth in 2Q21 is forecast to rise by 0.8% q-o-q SAAR. This is lower than in the last month's forecast, when quarterly growth forecast stood at 2% q-o-q SAAR. Quarterly growth in 3Q21 and 4Q21 then should pick up with the global economy's recovery gaining pace and also domestic demand in Japan is expected to rise further. Hence, growth is forecast at 9% q-o-q SAAR in 3Q21, before slowing somewhat to reach 5.5% in 4Q21.

The impact form the ongoing lockdown is also reflected in the latest **PMIs** from May with both the manufacturing and the services sector decelerating. The manufacturing PMI retracted to 53, compared with 53.6 in April and 52.7 in March. The PMI for the services sector, which constitutes around two-thirds of the Japanese economy, fell more significantly to stand at 46.5, after 49.5 in April and 48.3 in March, still below the growth indicating level of 50 since January 2020.

Graph 3 - 8: Japan's PMIs



Sources: IHS Markit, Nikkei and Haver Analytics.

Additional to the recovery in external trade, GDP growth is expected to remain supported by stimulus measures, leading to a recovery in private household consumption and investment. However, the latest round of lockdowns is forecast to impact 2Q21 growth, bringing down the FY 2021 GDP growth forecast to 2.8%, compared with the previous month's forecast of 3%. This assumes that COVID-19 will be largely contained in Japan by 2H21 and especially that the elderly population will be fully vaccinated by summer time, leading to a strong domestic improvement towards the end of, and especially after, 2Q21. 2020 **GDP growth** stood at -4.7%, as reported by official government data, a slight uptick from the previous estimate of -4.9%.

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

	Japan
2020	**-4.7**
Change from previous month	0.2
2021	**2.8**
Change from previous month	-0.2

*Note: * 2021 = Forecast.*

Source: OPEC.

Non-OECD

China

Update on the latest developments

The vaccinations rate has elevated significantly promising that approximately 40% of the population will might be vaccinated with one vaccine dose by the end of June. However, Chinese economic recovery momentum started to signal a marginally slower growth which recently magnified by the 2020 low base of comparison that boosted a noticeable y-o-y growth of key activity indicators in April. Domestic demand continued its weak recovery, indeed according to National Bureau of Statistics of China data, consumer confidence fell in April to 121.50 points from 122.20 points in March and retail sales rose only by 0.3% m-o-m in April 2021. On a y-o-y base, retail trade grew by 17.7% y-o-y in April following a 34.2% y-o-y jump in the March.

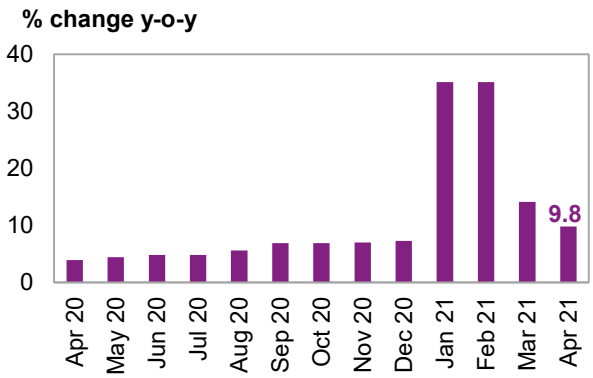
On external demand, China's trade continued its out-performance amid strengthening yuan, a further recovery global demand and higher commodity prices. The most recent official data indicated that the value of goods exports surged by 27.9% y-o-y in US dollar terms in May, compared with a 32.3% jump in April. Imports recorded the sharpest increase in a decade, amid the surging international commodity prices and an appreciating renminbi. China's trade surplus stood at $45.5 billion in May 2021 compared with a surplus of $61.9 billion in May 2020, exports jumped 27.9% while imports soared at a faster 51.1%. The country's trade surplus with the US surged to $31.78 billion in May from $28.11 billion in April. Considering the first five months of the year, China trade surplus surged sharply to $203.45 billion, from $119.54 billion over the same period of 2020. Exports jumped 40.2% y-o-y to $1.24 trillion, while imports surged 35.6% to $1.03 trillion.

On the policy front, China's government launched a series of promotional activities to boost domestic consumption, one of which was a month long shopping campaign during the month of May. Simultaneously, online shopping platforms would offer sales on food, travel, and cultural and sporting products for half a month. In March 2021, the government also extended the financial relief measures for small and micro businesses that were in place from 2018 until 2020. The plan encourages the local governments to lower loan guarantee costs by about 1.5% or below for these businesses. Overall, China has augmented fiscal deficit that includes off-budget spending, increased in 2020 to 13.2% of GDP from 11.2% in 2019.

China's **industrial production** rose 9.8% y-o-y in April 2021, following 14.1% y-o-y growth in March The data came in amid a low base last year when industrial production was hit by COVID-19. As a matter of fact, industrial production increased 0.52% m-o-m in April of 2021. For the first four months of the year, industrial output jumped by 20.3% y-o-y.

The ongoing increasing costs of imported commodities pushed China's factory inflation to its highest level since 2008, The producer price index soared 9% y-o-y in May from. Meanwhile, the consumer price index increased only 1.3% y-o-y suggesting a modest surge in prices due to sluggish domestic demand.

Graph 3 - 9: China's industrial production



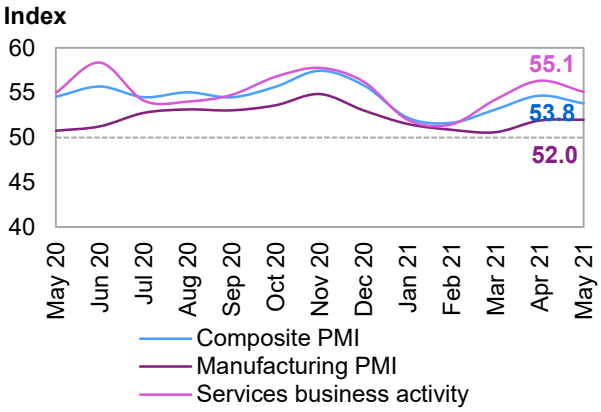
Sources: China National Bureau of Statistics and Haver Analytics.

Near-term expectations

China macroeconomic monthly and 1Q21 indicators recorded substantial recovery on a y-t-y base, but on a m-o-m base, signs of a slower growth pace are obvious. Consumption growth still lags slightly behind which might represent a downside risk for the recovery. A robust consumption growth is a key tool for the policy-makers to normalize macroeconomic conditions. In the interim, the PMI indices reflect the sustained manufacturing and services sector recovery as well as the bounce back from the temporary fall amid the New Year holiday restrictions.

The forward looking PMI indices carried mixed signals. The **Manufacturing PMI** surged to 52.0 in May following 51.9 in April 2021 while the services PMI fell to 55.1 from 56.3 from 54.3, amid the increased input cost inflation that was the highest since November 2020. China's short term growth is anticipated to shift focus on household consumption amid the decline in public health concerns as well as improved labour market besides the support of policy. Moreover the growth is forecast to continue its robust path amid surging exports and robust growth in manufacturing investment.

Graph 3 - 10: China's PMI



Sources: Caixin, IHS Markit and Haver Analytics.

The downside risks on both the local and external level still may threaten the recovery. On the domestic level, the growth rate may slow amid the slowing consumption activities and labour market concerns; a drop in the external demand growth with less need for COVID-19 related goods; slow vaccination progress and the re-emerging of infection cases.

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

For now, incorporating the recent development on economic climate, China's real **GDP growth** for 2021 kept unchanged from prior month at 8.5% y-o-y.

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

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

*Note: * 2021 = Forecast.*

Source: OPEC.

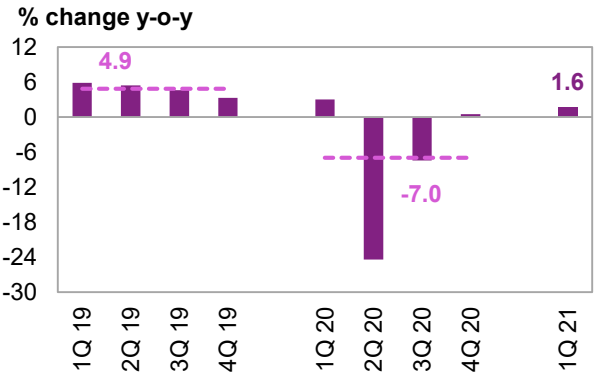
Other Asia

India

Update on the latest developments

India's real GDP advanced 1.6% y-o-y in 1Q21, following an upwardly revised 0.5% growth in 4Q20. This was the second straight quarter of expansion since the 3Q20 when the country exited the pandemic-induced recession. On the demand side, compared 1Q21 to 4Q20, private consumption grew 2.7% y-o-y following 2.8% y-o-y while public spending expanded 28.3% y-o-y compared to a contraction of 1% y-o-y . A faster growth recorded by gross fixed capital formation which advanced 10.9% y-o-y compared with 2.6% y-o-y. In contrast, net trade recorded a negative contribution to 1Q21 growth as exports surged 8.8% y-o-y vs -3.5% but imports grew at a faster pace of 12.3% y-o-y. On the supply side, in 1Q21 industrial output rose 6.9% y-o-y; construction expanded 14.5% y-o-y and utilities advanced 9.1% y-o-y. Considering the 2020-2021 fiscal year, India's economy contracted less severely by 7.3% y-o-y.

Graph 3 - 11: India's GDP quarterly growth



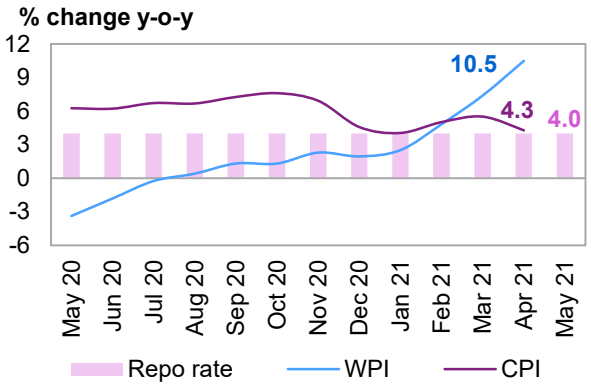
Sources: National Informatics Centre (NIC) and Haver Analytics.

For the time being, India's COVID-19 curve may begin to plateau as the state led lockdown strategy helped in reducing the daily COVID-19 cases, as well as keeping the effective reproduction rate below 1. Nevertheless, the daily vaccination rate has dropped to just around one million which might slow down the exit plans. Indeed, the monthly macroeconomic indicators suggested the current COVID-19 restrictions have weighed on economic activities. On the consumption front, in April on a seasonally adjusted base, the passenger vehicle

sales contracted 22% m-o-m following a growth of 6% m-o-m in March. Similarly, industrial production growth slightly dropped to 1% m-o-m in March from 1.1% in February.

On the bright side, the most recent labour market data indicated that the unemployment rate declined to 6.50% in March from 6.90 % in February of 2021. Similarly, according to recent data from the Centre for Monitoring India's Economy, the employment rate averaged 33.9% for the two-week period ending May 30th 2021, down from 34.1% in the previous two-week period. Moreover, the annual inflation rate slowed to 4.3% y-o-y in April from 5.5% y-o-y in March due to the declining food and core inflation, both of which benefitted from the low base effects.

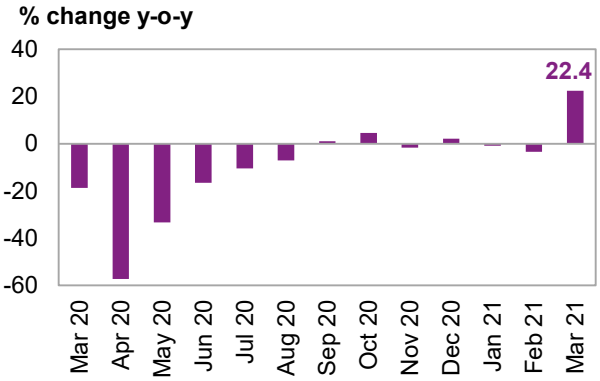
Graph 3 - 12: Repo rate and inflation in India



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

On the policy front, the RBI kept the policy repo rate to a record low of 4% and RBI might not offer any future cut as the underlying liquidity conditions are already loose and the inflationary pressures are on the high end. Meanwhile, the government might gradually consolidate the public finances in the near future if the anticipated 2H21 recovery materialized. According to official statements, India's fiscal deficit is expected to remain around 6.8% of GDP in the fiscal year (FY) 2021-2022, while it stands at 9.5% of GDP in the period 2Q21-1Q22.

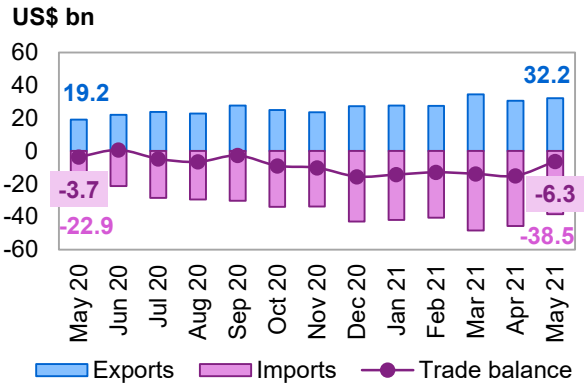
Graph 3 - 13: India's industrial production



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

Regarding external demand, the preliminary estimates suggested in May 2021, India registered a **trade deficit** of $6.3 billion. **Exports** rose to $32.2 billion from $30.6 billion in April 2021, while **imports** dropped to $38.5 billion from $45.7 billion in April 2021.

Graph 3 - 14: India's trade balance



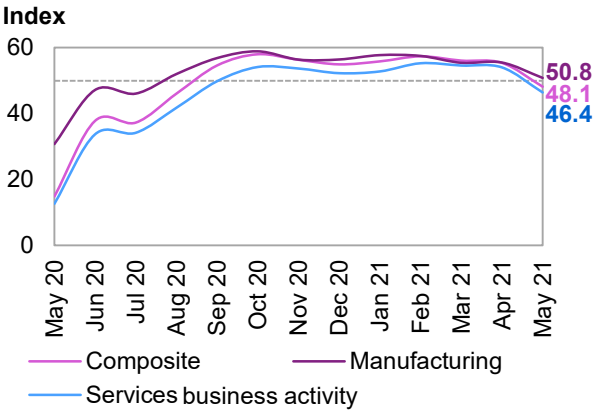
Sources: Ministry of Commerce and Industry and Haver Analytics.

Near-term expectations

The recent GDP official data suggested that the economy advanced faster than expected before the resurgent COVID infections introduced the new wave of challenges. India's current situation combined with the slowing vaccination rate might lead to a contraction in 2Q21 amid the introduction of restriction measures that might extended to 3Q21. The economy is forecast to resume its recovery in 2H21 under the assumption of the virus being under control through boosted vaccination rates alongside herd immunity.

Reflecting the public health deterioration as well as the ongoing impact of the lockdown, India's **PMI indices** fell in the month of May. Manufacturing PMI drop on a record pace to a ten-month low of 50.8 from 55.5 in April. Both output and new orders growth slowed down along with a substantial slowdown in the growth of input purchasing and another round of job shedding despite the encouraging labour market lagged data. Likewise, services PMI dropped to 46.4 from 54.0 in April, recording the first contraction in the sector since September 2020, following the resurgence of COVID-19 cases.

Graph 3 - 15: India's PMIs



Sources: Nikkei, IHS Markit and Haver Analytics.

India's economic growth forecast in 2021 was revised down again to 9.5% y-o-y from 9.7% y-o-y in the previous month. Further downside risks include COVID-19 risk factors as well as the stressed financial market; rising financial vulnerabilities; limited monetary easing space amid rising inflationary pressures; and concerns about another COVID-19 wave on the global level that would impact external demand.

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

	India
2020	**-7.0**
Change from previous month	0.0
2021	**9.5**
Change from previous month	-0.2

*Note: * 2021 = Forecast.*

Source: OPEC.

Latin America

Brazil

Update on latest developments

The resurgence of COVID-19 infections made Brazil the global epicenter of the pandemic in 1Q21. Across country lockdowns re-introduced and the world famous Carnival festival was cancelled. Yet the recent official data suggested that **Brazil's real GDP** advanced 1% y-o-y in 1Q21; following a contraction of 1.1% y-o-y in 4Q20, the recent growth is the first expansion since 4Q19. On the supply side, the expansion was driven by industry growth of 3% y-o-y versus 1.2% y-o-y in 4Q20. The agricultural sector also sharply rebounded growing by 5.2% y-o-y following a contraction of 0.4% y-o-y in 4Q20. The services sector also recovered as it contracted by 0.8% y-o-y in 1Q21 compared to a contraction of 2.2% y-o-y in 4Q20. On the demand side, there was a sharp expansion in fixed investment which grew by 17% y-o-y as well as exports that expanded 0.8% y-o-y. On a quarterly basis, the real GDP advanced 1.2% in 1Q21, following a 3.2% growth in 4Q20.

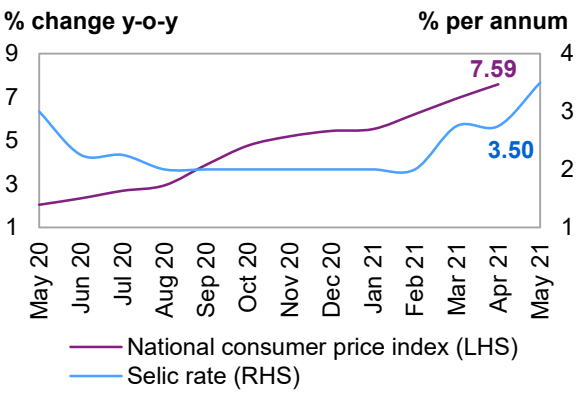
Due to a low base year effect linked to the beginning of the COVID-19 crisis most of April's macroeconomic indicators recorded a double – digit expansion. Retail sales grew at a record 23.8% y-o-y in April mainly base year effect linked to the beginning of the COVID-19 crisis. However, on a monthly base the retail trade expanded 1.8% m-o-m in April reversing an upwardly revised 1.1% m-o-m contraction in March. Similarly, industrial production in Brazil expanded 34.7% y-o-y in April of 2021 while it retreated 1.3% m-o-m following a downwardly revised 2.2% contraction in March. The drop in the industrial activities reflected the record-breaking daily deaths from COVID-19 and ongoing public-health restrictions.

The unemployment rate surged 14.7% in 1Q21 from 13.9% in 4Q20, the number of unemployed persons went up by 880 thousand to an all-time high of 14.81 million while those employed shrank by 529 thousand to 85.90 million. The labour force participation rate was unchanged at 56.8% and the employment rate edged down by 0.5 pp to 48.4%.

The **consumer price index** surged to 6.76% y-o-y in April registering the sharpest increase since November 2016. The rate continued to increase beyond the upper limit of the central bank target of 5.25%, a month after policymakers raised the interest rate to 2.75%, due to the increasing commodity prices, as well as rising COVID-19 infections, along with the lower base effects.

On the policy front, Brazil's central bank raised the **Selic rate** to 3.5% and anticipated a similar rise in June. Earlier, the government approved a new round of support known as the "corona voucher", which should contribute to the economic recovery.

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



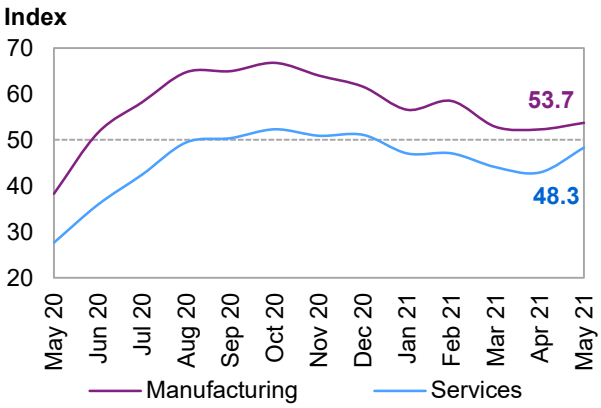
Sources: Banco Central do Brasil, Instituto Brasileiro de Geografia e Estatística and Haver Analytics.

Near-term expectations

Brazil's economy proved to be more resilient than expected to the new wave of COVID-19. Nevertheless the near term outlook is still surrounded with high uncertainty following the recent deterioration in public health conditions.

The recent PMI readings might indicate a stabilisation in the Brazilian private sector Brazil's **composite PMI** surged to 49.2 in May of 2021 from a ten-month low of 44.5 in the previous month. While the manufacturing PMI surged to 53.7 in May from 52.3 in April, ending a two-month slowdown in factory activity growth despite rising COVID-19 infections and ongoing local public-health restrictions. Similarly Services PMI surged to 48.3 in from a 9-month low of 42.9 in April. Nevertheless, the index suggested the fifth monthly contraction in the services sector however at the softest pace amid a return to stability in new orders

Graph 3 - 17: Brazil's PMIs



Sources: IHS Markit and Haver Analytics.

For the present, the mobility rate is already starting to recover following the relaxation of the recent restrictions. This might lead to a further recovery in the 2H21, under the assumption that COVID-19 cases stay under control following the progress in the vaccination roll-out. Despite the public healthy complication, Brazil's 2021 **GDP forecast kept unchanged at 3.0%**. However, several risks may squeeze the recovery to the downside that include scarcity of doses, the already late vaccination start, and a lack of political coordination as the overall political tensions which continue to weigh on the economic recovery.

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

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

*Note: * 2021 = Forecast.*

Source: OPEC.

Africa

South Africa

Update on the latest developments

South Africa's real GDP is recovering relatively slowly from the impact of restrictions to contain the COVID-19 outbreak but it is far below pre-pandemic level. According to Statistics South Africa, the economy grew on an annualized rate of 4.6% q-o-q in 1Q21, compared with the downwardly revised growth of 5.8% q-o-q in 4Q20. Nevertheless, according to the same source, the real GDP contracted 3.2% y-o-y in 1Q21; registering the fourth straight quarter of economic drop and means the economic output is still below the pre-pandemic levels. Several factor might have caused this drop including the imminent third wave of COVID-19 as well as the relatively slow vaccination rollout. Moreover, the electricity constraints and the weak pace of structural reforms might weigh on the recovery of the economy. In the meantime, the National Treasury and the central bank expect output to return to pre-pandemic levels in 2023. It is important to recall that South Africa's economy has been under its longest downward cycle since World War II. The economy is facing a weak business sentiment that weighed on fixed investment spending, combined with risk averse private-sector which avoids investing large capital in domestic projects.

As in most other economies inflationary pressures continued to increase as the **consumer price index** surged to 4.4% y-o-y in April, a 14-month high. Partially April's inflation rate reflected the low price baseline in April 2020 when the country entered a strict COVID-19 lockdown. But apart from that, the high inflation in April also represents the overall rise in fuel and food prices, which is indeed a global trend in 1H21. Nevertheless, the current inflation rate is still below the midpoint of the 3-6% target range set by the South African Reserve Bank. As a result, the central bank might keep the policy rate at the current rate of 3.5%. Such a move is also supported by the appreciation of the rand, which averaged R14.4:US$1 in April .

On the labour market end, South Africa's unemployment rate surged to 32.6% in 1Q21 from 32.5% in the 4Q20. This was the highest jobless rate since comparable data began in 2008. Total employment drop down specifically construction and trade sectors. Over the same comparison period, the expanded definition of unemployment, including people who have stopped looking for a work, rose to 43.2%, from 42.6%. In addition, the youth unemployment rate, measuring job seekers between 15 and 24 years old, recorded a record high of 63.3%.

Near-term expectations

The near-term outlook of South Africa's economy is highly constrained by the vaccination rate and the speed of the vaccination rollout. The emergence of a new virus variation represents a real threat to the recovery in 2021. Despite the relaxation of some COVID-19 restrictions, business confidence according to the RMB/BER index fell to 35 in 1Q21 from 40 in 4Q20. Confidence decreased mostly in retail due to weaker-than-expected Black Friday and festive sales. By contrast, South Africa's Absa **Manufacturing PMI** South rose to 57.8 in May from 56.2 in April, reaching its highest level since October 2020. Similarly the forward looking FNB/BER Consumer Confidence Index rose to -9 in 1Q21 from -12 in 4Q20, bringing confidence to levels not seen in a year, but the -9 reading is still well below the average of +2 recorded in 1994

Considering the improvement in the forward looking indictors, 2021 Real **GDP forecast** was revised up slightly to 3.3% from last month rate of 3.1%. Yet further downside risks exist, represented mainly by the global virus development as well as the domestic vaccination progress besides the overall political instabilities.

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

	South Africa
2020	**-7.0**
Change from previous month	0.0
2021	**3.3**
Change from previous month	0.2

*Note: * 2021 = Forecast.*

Source: OPEC.

Russia and Central Asia

Russia

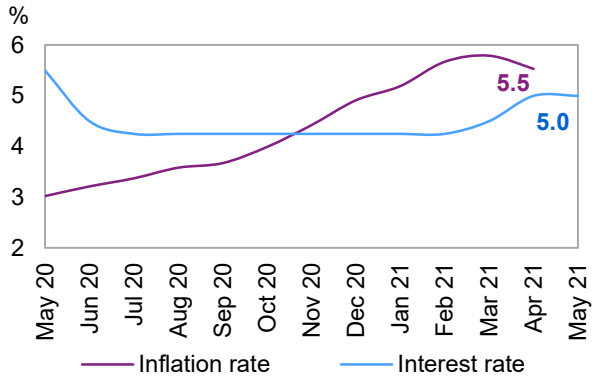
Update on the latest developments

Russia's economy contracted 1.0% y-o-y in 1Q21, after a drop of 1.8% y-o-y in 4Q20. The less severe contraction was supported by the improvement in oil prices and the optimism over the global economic recovery. The main growth was registered in water supply and waste disposal growing 11.9% y-o-y. While the supply of electricity, gas and steam advanced 9.5% y-o-y. The transport sector contracted 34% amid the decline in the mobility rate in the 1Q21. A positive note was recorded in the labour market, as the unemployment rate dropped slightly to 5.2% in April, from 5.4% in March but the rate was still above pre-pandemic levels. Contrarily, inflationary pressure continued to provide a major concern, the consumer price index was 5.5% in April 2021, which marked a slight slowdown in the inflation rate, compared to 5.8% y-o-y in March. However, the inflation remains significantly high and above the 4% target rate set by the Central Bank of Russia (CBR). It is important to note that these rates are compared to the low base period; when inflation slowed significantly in March 2020, as large parts of the domestic and global economy were forced to shut down due to the pandemic. Indeed, the low comparison base made it more difficult for the CBR and other statistical agencies to assess the cost of the average consumer basket as consumption changed rapidly and unexpectedly.

Nevertheless, the inflation rate remains a concern to the CBR, which has raised interest rates by 75 basis points since the start of 2021. Regardless of the monetary tightening, the ongoing robust demand recovery might prompt businesses to raise prices further, specifically in the services sector. Moreover the rising inflation in Russia is part of a global phenomenon. Considering these concerns the CBR might raise the policy rates by at least 25 and possibly 50 basis points.

Due to the low comparison base, retail activity recorded a sharp increase as it surged 34.7% y-o-y in April 2021, while on a monthly record the retile sales rose 9.20% m-o-m in March of 2021.

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



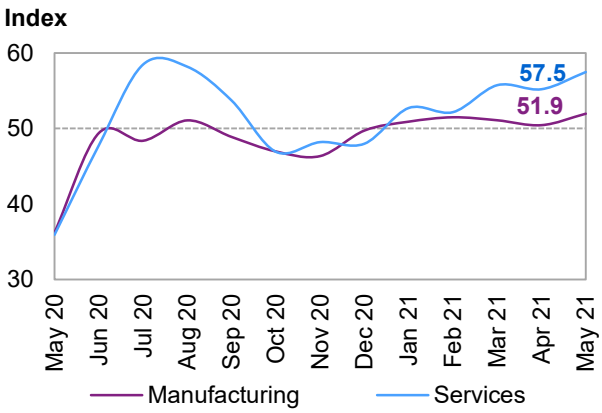
Sources: Federal State Statistics Service, Central Bank of Russia and Haver Analytics.

Near-term expectations

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

Moreover, geopolitical tension represents an additional downside risk for that recovery as it has negatively impacting the rubble's value. In the meantime, PMI indices reflected the improvement in the economic outlook amid the recovery in advanced economies and an improvement in oil prices. The **manufacturing PMI** rose to 51.9 in May from 50.4 in April recording the fifth straight month of growth in the activities and the sharpest since March 2019. Similarly, the **services PMI** surged to 57.5 following 55.2 in April 2021 as services output continued to expand amid strong consumer demand.

Graph 3 - 19: Russia's PMI



Sources: IHS Markit and Haver Analytics.

Considering the recent macroeconomic indicators, and 1Q21 GDP growth data Russia's **GDP growth** forecast for 2021 remained unchanged at 3.0%.

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

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

*Note: * 2021 = Forecast.*

Source: OPEC.

OPEC Member Countries

Saudi Arabia

According to **Saudi Arabia**'s Central Department of Statistics and Information preliminary estimates, Saudi Arabia real GDP contracted 3.3 % y-o-y in 1Q21, recording the 7th consecutive quarter of contraction. Yet, the non-oil sector activities advanced 3.3% y-o-y amid the noticeable sector recovery from the pandemic. In May 2021, Saudi Arabia's PMI increased to 56.4 from 55.2 in April, suggesting the highest recovery in the non-oil activities since January, amid an easing of COVID-19 restrictions. The near term future might carry a further economic recovery as the government's comprehensive programme to develop the water sector involving the private sector which is creating a host of investment opportunities both through asset sales and public-private partnerships (PPPs). This also might attract more foreign direct investment. Overall, with the improvement in oil prices, the 2021 outlook is more solid and positive.

Nigeria

Nigeria real GDP advanced 0.5% y-o-y in 1Q21, following a 0.1% y-o-y in 4Q21. The country registered the second consecutive quarterly growth since Nigeria's economy faced recession in 3Q20 amid the easing of COVID-19 restrictions and an improvement in oil prices. The non-oil sector expanded 0.8% y-o-y in 1Q21 following a 1.7% y-o-y growth in 4Q20. The current growth was powered by the agriculture sector, which expanded by 2.3% y-o-y. Industrial activity moved back into growth of 0.9% y-o-y, after dropping by 5.6% y-o-y on average in 2020. The forward looking PMI indices supported the ongoing recovery as the Stanbic IBTC Bank Nigeria PMI jumped to 54.4 in May 2021, from 52.9 in the previous period. This was the strongest improvement in the health of the private sector in 9 months. Moreover, the annual inflation rate declined to 18.12% in April 2021, from a four-year high of 18.17% in March but producer inflation accelerated to a significantly high level, amid raw material shortages and unfavourable exchange rate depreciation. Consequently, the monetary policy committee (MPC) of the Central Bank of Nigeria (CBN) decided to keep its policy rate at 11.5% at its recent meeting Looking forward, Nigeria's business sentiment remained optimistic, driven by the current expansion in manufacturing operations as well as the higher oil prices.

The United Arab Emirates (UAE)

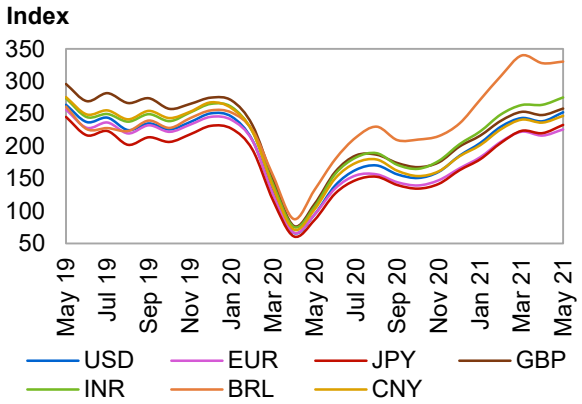
Recent Federal Competitiveness and Statistics data suggested that the **UAE** economy contracted by 6.1% y-o-y in 2020. Meanwhile the IHS Markit UAE PMI declined to 52.3 in May 2021 from 52.7 in April. Despite the marginal drop, the current reading indicted the sixth straight month of growth in the non-oil private sector, amid the ongoing vaccination progress as well as the significant ease in COVID-19 pandemic restrictions. Most importantly according to the PMI report, business sentiment hit its highest since July 2020. Looking forward, the better than expected recovery on a global level as well as the less tight travel restrictions might feed the continued recovery from COVID-19, supported additionally by the government's large-scale projects, new visa rules and the delay of Expo 2020.

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

The **US dollar (USD) generally weakened in May amid** decline interest rates expectations in USD. The dollar fell by 1.4% against the euro m-o-m, by 1.9% against the Swiss franc, and by 1.7% against the pound sterling. Meanwhile it was relatively stable against the yen.

The dollar also declined against emerging market currencies. It dropped by 1.4% against the Chinese yuan, and by 1.7% against the Indian rupee. Meanwhile, it dropped by 2.7% against the Russian ruble on receding geopolitical concerns and higher oil prices. Against the Brazilian real, it declined by 4.9% on the expectation of further monetary policy tightening by the Central Bank, and higher commodity prices. Against the Mexican Peso the dollar declined by 0.4% during the month.

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



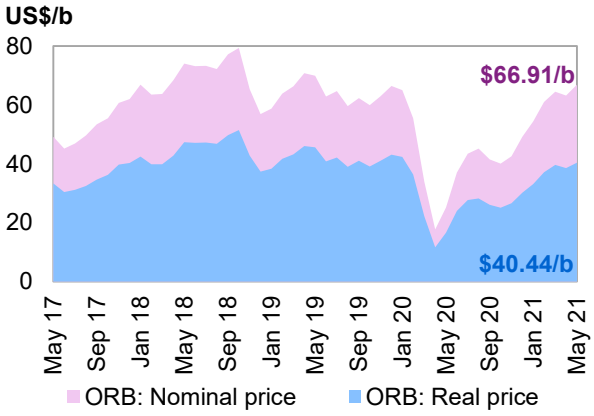
Sources: IMF and OPEC.

In **nominal terms**, the price of the ORB increased by $3.67, or 5.8% from $63.24/b in April to reach $66.91/b in May.

In **real terms**, after accounting for inflation and currency fluctuations, the ORB increased to $40.44/b from a revised $38.52/b (base June 2001=100) the previous month.

Over the same period, the **USD** declined by 0.9% against the import-weighted modified Geneva I + USD basket, while inflation was relatively stable m-o-m.

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



Source: OPEC.

World Oil Demand

World oil demand is anticipated to have declined by 9.3 mb/d in 2020, some 0.1 mb/d higher than last month's report, mainly to reflect updated data in both the OECD and non-OECD regions. Total global oil consumption for last year is expected to average 90.6 mb/d.

For 2021, world oil demand growth was kept unchanged at around 6.0 mb/d with total oil demand at 96.6 mb/d. OECD demand was revised slightly lower, on an annualized basis, mainly to reflect lower-than-expected data from OECD Americas and Europe in 1Q21. However, initial data for April in both regions and the positive developments in mobility due to easing COVID-19 restrictions, as well as the opening of borders encouraged upward revisions of 2Q21 data and offset most of the 1Q21 downward revisions. In the non-OECD, oil demand was revised marginally higher on annualized basis, offsetting all of the OECD downward revisions, mainly due to positive 2Q21 data from the Middle East.

OECD oil demand is anticipated to increase by 2.7 mb/d in 2021 with most of the gains accruing in 2H21. OECD Americas, led by the US, is projected to be the largest contributor to oil demand growth in 2021, supported by rebounding transportation fuels, mainly gasoline, and healthy light- and middle-distillate requirements. However, 2021 oil demand in the region is not anticipated to fully recover to pre-pandemic levels.

Non-OECD oil demand is estimated to rise by 3.3 mb/d in 2021 with growth largely focused in China, followed by India and Other Asia. A healthy rebound in economic momentum is expected to stimulate industrial fuel demand. Demand for petrochemical feedstocks is also projected to support growth in 2021.

World oil demand in 2020 and 2021

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

							Change 2020/19	
World oil demand	**2019**	**1Q20**	**2Q20**	**3Q20**	**4Q20**	**2020**	**Growth**	**%**
Americas	25.65	24.35	20.01	22.72	23.16	22.56	-3.09	-12.05
of which US	*20.86*	*19.67*	*16.38*	*18.67*	*19.04*	*18.44*	*-2.42*	*-11.60*
Europe	14.25	13.34	11.01	12.87	12.51	12.43	-1.82	-12.75
Asia Pacific	7.79	7.75	6.54	6.70	7.29	7.07	-0.72	-9.24
Total OECD	**47.69**	**45.44**	**37.56**	**42.29**	**42.97**	**42.07**	**-5.63**	**-11.80**
China	13.48	11.34	13.25	13.87	14.28	13.19	-0.29	-2.18
India	4.91	4.84	3.81	4.24	5.15	4.51	-0.40	-8.20
Other Asia	9.04	8.30	7.79	8.11	8.33	8.13	-0.91	-10.06
Latin America	6.59	6.11	5.61	6.20	6.12	6.01	-0.58	-8.83
Middle East	8.20	7.88	6.91	7.73	7.65	7.55	-0.66	-8.00
Africa	4.43	4.37	3.76	3.94	4.27	4.08	-0.35	-7.85
Russia	3.61	3.44	3.04	3.40	3.59	3.37	-0.24	-6.69
Other Eurasia	1.24	1.07	0.99	1.01	1.23	1.07	-0.16	-13.04
Other Europe	0.76	0.71	0.55	0.64	0.69	0.65	-0.12	-15.33
Total Non-OECD	**52.27**	**48.04**	**45.71**	**49.15**	**51.31**	**48.56**	**-3.71**	**-7.10**
Total World	**99.97**	**93.48**	**83.27**	**91.43**	**94.28**	**90.63**	**-9.34**	**-9.34**
Previous Estimate	99.98	93.51	83.08	91.21	94.20	90.51	-9.48	-9.48
Revision	-0.02	-0.02	0.19	0.23	0.08	0.12	0.14	0.13

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

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

World oil demand	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20 Growth	Change 2021/20 %
Americas	22.56	23.21	24.58	24.74	24.75	24.33	1.77	7.84
of which US	*18.44*	*19.15*	*19.96*	*20.24*	*20.45*	*19.96*	*1.51*	*8.21*
Europe	12.43	11.96	12.78	13.61	13.71	13.02	0.59	4.73
Asia Pacific	7.07	7.61	7.18	7.17	7.51	7.37	0.30	4.23
Total OECD	**42.07**	**42.77**	**44.54**	**45.52**	**45.97**	**44.72**	**2.65**	**6.31**
China	13.19	12.95	14.27	14.93	15.05	14.30	1.11	8.43
India	4.51	4.94	4.52	4.91	5.61	5.00	0.49	10.82
Other Asia	8.13	8.34	8.96	8.57	8.59	8.62	0.48	5.96
Latin America	6.01	6.15	6.16	6.46	6.40	6.29	0.28	4.68
Middle East	7.55	7.92	7.67	8.24	7.97	7.95	0.41	5.41
Africa	4.08	4.39	3.96	4.16	4.48	4.25	0.16	4.03
Russia	3.37	3.57	3.37	3.57	3.74	3.56	0.19	5.77
Other Eurasia	1.07	1.18	1.19	1.14	1.28	1.20	0.12	11.43
Other Europe	0.65	0.71	0.62	0.68	0.74	0.69	0.04	6.36
Total Non-OECD	**48.56**	**50.16**	**50.72**	**52.65**	**53.85**	**51.86**	**3.30**	**6.79**
Total World	**90.63**	**92.93**	**95.26**	**98.18**	**99.82**	**96.58**	**5.95**	**6.57**
Previous Estimate	90.51	93.29	94.79	97.90	99.74	96.46	5.95	6.58
Revision	0.12	-0.36	0.47	0.28	0.08	0.12	0.00	-0.01

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

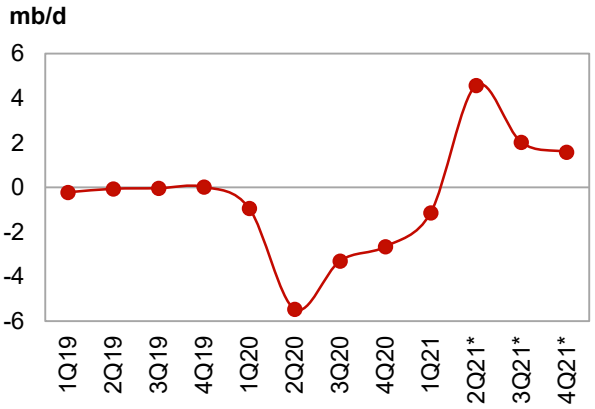
OECD

OECD Americas

Update on the latest developments

The latest monthly data from **OECD Americas** shows oil demand rising by 0.7 mb/d y-o-y in **March 2021**, after decreasing by around 3.5 mb/d y-o-y in February. However, due to the low baseline in 2020, demand remained significantly lower than pre-pandemic consumption levels and was lower by more than 1.0 mb/d compared with March 2019. The y-o-y increases in March 2021 were mainly attributed to gasoline rebounding from the March 2020 slump due to the onset of COVID-19 and its impact on mobility and transportation fuels. The US was the only country posting a y-o-y increase in March 2021, while Canada, Mexico and Chile all showed declines of around 0.2 mb/d y-o-y, collectively. Unlike previous months, demand for lighter distillates, which are mainly petroleum products utilized as feedstocks for the petrochemical sector, declined, particularly in the US. Light distillates demand increased in Mexico and Canada, slightly offsetting the US declines.

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



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

The latest monthly data from the US Energy Information Administration (EIA) shows oil demand rising by 0.9 mb/d y-o-y in March 2021, after posting a decline of 2.4 mb/d y-o-y in February. Demand fell by nearly 1.0 mb/d compared with March 2019. However, noticeable developments were recorded in gasoline, diesel and fuel oil demand in light of easing COVID-19 restrictions in various states, leading to a m-o-m rise in vehicle miles travelled and improvements in industrial activity that supported growth for those fuels. Vehicle miles travelled rose nearly 19.0%,y-o-y, in March 2021, according to the Federal Highway Administration, following a decline of 12.1%,y-o-y, in February and a drop of 18.9%,y-o-y, in March 2020. Additionally, total auto sales posted strong y-o-y gains in March 2021, increasing by 58.7% y-o-y compared with a decline of 5.6% y-o-y in February and 34.6% y-o-y decline in March 2019. Diesel demand posted growth only for the second time since

the beginning of 2019. March 2021 diesel data showed an increase of more than 0.1 mb/d y-o-y after declining by around 0.1 mb/d y-o-y in February.

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

By product	Mar 21	Mar 20	Change 2021/20 mb/d	Change 2021/20 %
LPG	3.04	3.13	-0.09	-2.8
Naphtha	0.17	0.19	-0.03	-13.4
Gasoline	8.58	7.78	0.80	10.2
Jet/kerosene	1.16	1.39	-0.23	-16.8
Diesel	4.03	3.91	0.12	3.1
Fuel oil	0.29	0.11	0.18	167.0
Other products	2.23	2.05	0.17	8.3
Total	**19.49**	**18.57**	**0.92**	**5.0**

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

Near-term expectations

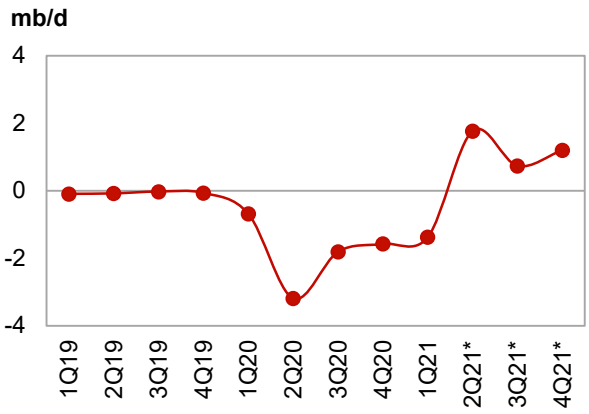
Oil demand in OECD Americas will be largely directed by the US, particularly with regard to transportation fuels. With a successful vaccination campaign and the large fiscal stimulus that was endorsed in March, positive oil demand performance is expected over the short term. Traffic has stabilized at 94% on the US on the back of vaccination rollouts in many states that allowed mobility restrictions to be reduced and lifted in some states. The pace of this development is projected to have a positive impact on oil demand in 2Q21 and 2H21. Further support is projected to stem from the petrochemical sector, supported by strong end-user demand for plastic products. The US aviation sector remained at around 60% of 2019 levels in May with some improvement in domestic routes. Going forward, the sector is projected linger below 2019 levels and will show positive growth on annualized basis in 2021.

OECD Europe

Update on the latest developments

European oil demand declined in **March 2021**, falling by 0.6 mb/d y-o-y, after dropping by around 2.0 mb/d y-o-y in February. Oil demand posted hefty declines when compared to normal consumption and was 1.6 mb/d below March 2019 with most of the declines attributed to the poor performance of the middle part of the barrel, primarily transportation fuels. Most of the decline improvements in March 2021 was attributed to strong y-o-y naphtha demand, a continuation of the healthy trend registered in recent months. Demand for petrochemical feedstocks was supported by healthy naphtha cracking margins and strong appetite for the feedstock to fulfil increasing end-user demand.

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



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

Gasoline also posted y-o-y gains, increasing by nearly 0.1 mb/d y-o-y, compared to large decline in February of 0.4 mb/d y-o-y. Improvements in mobility across the region's main economies supported gasoline demand coupled with historical declines in March 2020 gasoline consumption. The mobility index in March was higher m-o-m in a number of countries – such as in Germany, France, the UK and Spain – while mobility in Italy was lagging, according to Google and Apple mobility data. Additionally, based on initial figures from the Association des Constructeurs Européens d'Automobiles (ACEA), March 2021 new vehicle registrations in the EU increased by a massive 91.7%, y-o-y, compared with a decline of 19.3% y-o-y, in February. New passenger car registrations dropped by around 65.9% y-o-y, in March 2020. Increases in the industrial production index supported fuel oil and diesel demand, reducing the level of y-o-y decreases. Fuel oil was flat y-o-y for two consecutive months while diesel recorded a decline of 0.3 mb/d y-o-y in March, compared with a drop of 0.8 mb/d in February. Industrial production, which excludes construction, posted an increase of 10.7% y-o-y, compared to 1.1% drop in February, according to the Statistical Office of the European Communities (Eurostat) and Haver Analytics.

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

By product	Mar 21	Mar 20	Change 2021/20 mb/d	Change 2021/20 %
LPG	0.40	0.44	-0.04	-9.0
Naphtha	0.61	0.49	0.12	23.7
Gasoline	0.98	0.96	0.02	2.2
Jet/kerosene	0.36	0.58	-0.22	-38.2
Diesel	3.04	3.13	-0.09	-3.0
Fuel oil	0.16	0.13	0.02	17.3
Other products	0.44	0.39	0.05	12.9
Total	**5.97**	**6.12**	**-0.15**	**-2.4**

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

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

Near-term expectations

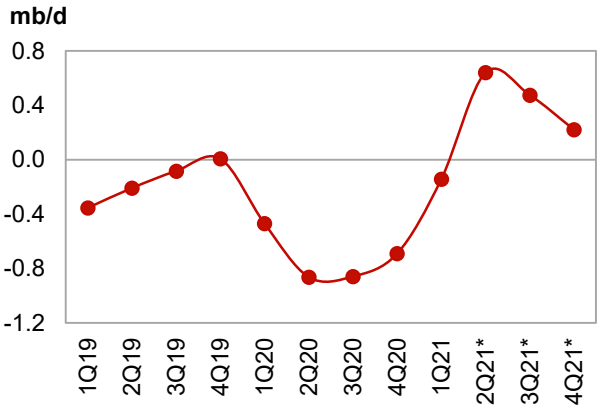
Oil demand is projected to show healthy performance towards later part of 2Q21 following the easing of mobility and travel restrictions in many European countries in the second half of May. Gasoline, diesel and jet fuel are expected to pick up pace as travel and tourism activity gradually improves across the region. Some preliminary data indicates positive oil demand developments across Europe. UK fuel sales for the month of May, for example, reached the highest level since the start of the pandemic in 2020, according to various sources. Furthermore, latest toll roads data in countries such as France, Italy and Spain recorded higher use and almost matched pre-pandemic levels. Portugal and the Netherlands opened up travel, and the UK allowed tourists to travel to certain destinations. The outlook for the region's oil demand in 2021 is in line with last month's projections, with some downward revisions in 1Q21, taking into consideration the most recent data. The acceleration of vaccination programmes and an easing of travel restrictions provide some upside potential to the forecast. On the other hand, unforeseen developments related to COVID-19 due to emergence of new variants could possibly tilt the outlook to the downside going forward.

OECD Asia Pacific

Update on the latest developments

March 2021 data shows **OECD Asia Pacific oil demand** increasing y-o-y for the first time since December 2019. Oil demand edged higher by more than 0.1 mb/d y-o-y, following a decline of more than 0.2 mb/d y-o-y, in February. When compared with March 2019, demand remained steeply in negative territory, falling by more than 0.5 mb/d. Naphtha demand led the increase during March, rising by more than 0.2 mb/d y-o-y, posting the first y-o-y increase since August 2019. The return of naphtha crackers from planned and unplanned maintenance in both Japan and South Korea lifted demand for petrochemical feedstocks. Additionally, robust naphtha cracking margins allowed steam cracker operators to keep utilization rates at high levels.

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



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

Gasoline demand also posted y-o-y gains for the first time since October 2019, rising by 0.04 mb/d, after recording a similar decline in February. M-o-m improvements in mobility supported gasoline requirements in almost all countries of the region. In Japan and South Korea, mobility improved from 92 and 78, respectively, in February to 108 and 83 in March, according to Google Maps and Apple mobility data using January 2020 as a reference.

Diesel demand edged slightly higher in March after gaining around 0.1 mb/d y-o-y in February. Industrial production in both Japan and South Korea rose y-o-y. In Japan, industrial production recorded a 0.9% y-o-y increase for the first time since January 2019, after declining by more than 3% in February as reported by Ministry of Economy, Trade and Industry (METI) and Haver Analytics. Similarly, industrial production improved

in South Korea, rising 5.7% y-o-y, in March compared with 4.4% y-o-y, in February, as reported by Statistics Korea and Haver Analytics.

Preliminary METI data for April 2021 shows Japanese oil demand increasing by around 0.2 mb/d y-o-y, marking the second consecutive monthly increase. Oil demand growth mainly recovered from the huge decline in April 2020 (-0.7 mb/d) and the slower-than-expected recovery in the transportation sector mainly due to increases in COVID-19 infection cases. Most of the petroleum product category requirements grew, notably gasoline, naphtha and diesel.

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

By product	Apr 21	Apr 20	Change 2021/20 mb/d	Change 2021/20 %
LPG	0.31	0.35	-0.04	-12.8
Naphtha	0.69	0.64	0.05	7.7
Gasoline	0.77	0.66	0.11	17.2
Jet/kerosene	0.32	0.31	0.01	4.6
Diesel	0.75	0.70	0.05	6.7
Fuel oil	0.20	0.22	-0.01	-6.0
Other products	0.20	0.20	0.00	0.4
Total	**3.25**	**3.08**	**0.17**	**5.5**

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

Near-term expectations

Oil demand is projected to remain pressured by some challenges related to the resurgence in COVID-19 cases, particularly in Japan. This has led to localized lockdown measures, which could especially hinder transportation fuel demand. On the other hand, the upcoming Summer Olympics could provide some upside potential to transportation fuel requirements and the robustness of the petrochemical sector could furthermore support light distillate demand. For the whole of 2021, oil demand is projected to increase for the first time since 2017 on the back of low demand registered in 2020, the improving petrochemical sector and the generally healthy economy. As with other regions globally, however, uncertainties are skewed to the downside in line with COVID-19 pandemic developments. In terms of products, jet fuel demand is not anticipated to reach pre-pandemic levels and will remain under pressure throughout the year.

Non-OECD

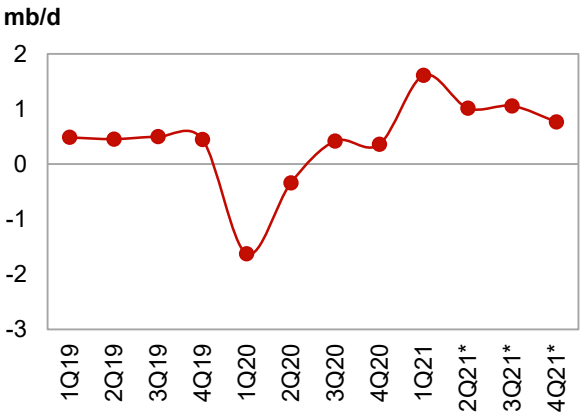
China

Update on the latest developments

In April 2021, **China's oil demand** increased by 1.6 mb/d y-o-y, after posting stronger gains in **March**, of more than 2.1 mb/d y-o-y. China's demand is trending comfortably above March 2019 levels by more than 0.3 mb/d, making it the only country so far with consumption exceeding pre-pandemic levels. Oil demand remains focused on transportation fuels recovering strongly from the low base of consumption in 2020 and some support for LPG demand from the petrochemical sector. Diesel fuel demand also increased, though at a lower growth pace than previous months. Gasoline consumption followed a similar trend in the last two months, increasing by more than 0.6 mb/d. Both mobility and passenger car sales indexes are showing positive signs. Mobility reached 100 in April, according to the Google and Apple mobility indexes, up from 87 in March. While motor vehicle sales posted a 9.9% rise in April 2021 compared with an increase of 4.12% in April 2020, according to the China Association for Automobile Manufacturers (CAAM) and Haver Analytics. In April 2021, sales of vehicles exceeded 2.4 million units for the first in 2021 and matched similar sales recorded in May 2018.

Consumption of jet/kerosene grew strongly in April 2021, rising by nearly 0.7 mb/d y-o-y, after increasing by 0.5 mb/d y-o-y in March 2021. Aviation data suggests an uptick in domestic flights with more limited improvements in international passenger travel. Diesel demand was higher by around 0.1 mb/d compared with April 2020, after rising by more than 0.5 mb/d y-o-y in March. China's Manufacturing PMI retracted to 51.1 in April 2021 after posting 51.9 in March but remained in the expansion territory. LPG demand increased by 0.1 mb/d y-o-y in April 2021 following an increase of more than 0.3 mb/d y-o-y in March, supported by steady requirements from propane dehydrogenation (PDH) plants.

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



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

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

By product	Apr 21	Apr 20	Change 2021/20 mb/d	Change 2021/20 %
LPG	1.81	1.71	0.10	5.8
Naphtha	1.17	1.16	0.02	1.3
Gasoline	3.36	2.74	0.63	22.8
Jet/kerosene	0.88	0.19	0.69	371.1
Diesel	2.83	2.75	0.08	2.7
Fuel oil	0.69	0.68	0.02	2.7
Other products	2.05	2.00	0.04	2.3
Total	**12.79**	**11.22**	**1.57**	**14.0**

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

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

Near-term expectations

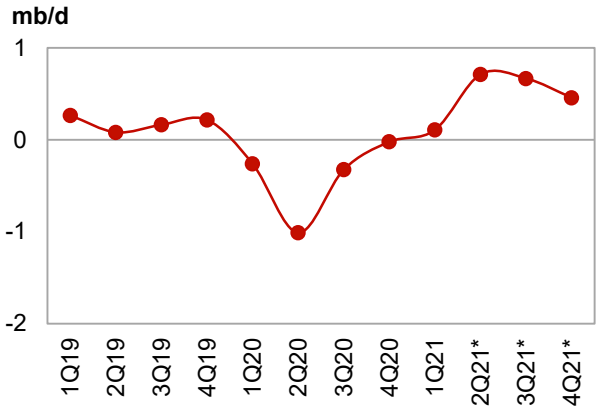
Positive macroeconomic indicators are expected to continue to be buoyed by a surge in exports and respectable improvement in manufacturing, which in turn will support oil demand going forward. Total consumption in the country has exceeded the 2019 average annual consumption level and is projected to gain further momentum in 2H21 with support from strong petrochemical capacity additions. The well-contained COVID-19 situation, the fiscal and monetary stimulus programmes and new capacity additions of PDH plants are assumed to encourage demand over the short term. On the other hand, rising trade tensions with the US pose some downside risks to the forecast. All sectors are expected to gain momentum with transportation being supported by road traffic and healthy passenger sales, while the industrial sector is projected to receive support from healthy economic activities in China and globally. Moreover, demand for light distillates for the petrochemical sector is projected to drive demand growth in the current year.

India

Update on the latest developments

India's oil demand rose by more 1.9 mb/d y-o-y, in **April 2021** compared with around 0.7 mb/d y-o-y rise in March. However, when contrasted with March 2019, demand fell by 0.4 mb/d. Demand was mainly driven by improved mobility before deteriorating towards the end to the month, but also by historical distortion to the baseline. Looking at the performance of products, gasoline demand led the gains, adding a considerable 0.4 mb/d y-o-y, almost making up all of April 2020 losses amid substantial declines in miles travelled in April last year. The gains came amid increased use of private two wheelers in lieu of public transportation and despite lower mobility data as COVID-19 cases surged towards the end of the month. According to Google Maps and Apple, the mobility index posted a drop from 108 in March to 83 in April.

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



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

Diesel demand increased by 0.8 mb/d compared with the same period in 2020 due to improvements in industrial activity and rising agricultural demand during the harvest season. India's Manufacturing PMI was at 55.5 in April compared with 55.4 in March, suggesting a respectable improvement in the sector. On the other hand, the services PMI dropped to 54.0 from 54.6 and recorded the weakest pace of expansion in the sector since January 2021. Naphtha demand showed strong gains, supported by rising demand from the petrochemical sector and healthy petrochemical margins.

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

By product	Apr 21	Apr 20	Change 2021/20 mb/d	Change 2021/20 %
LPG	0.86	0.86	0.00	0.1
Naphtha	0.45	0.31	0.14	43.6
Gasoline	0.68	0.28	0.40	144.5
Jet/kerosene	0.15	0.07	0.08	110.2
Diesel	1.67	0.83	0.84	101.2
Fuel oil	0.23	0.18	0.06	31.3
Other products	0.53	0.16	0.37	235.0
Total	**4.57**	**2.69**	**1.88**	**70.1**

Note: Totals may not add up due to independent rounding. Sources: JODI, Petroleum Planning and Analysis Cell of India and OPEC.

Near-term expectations

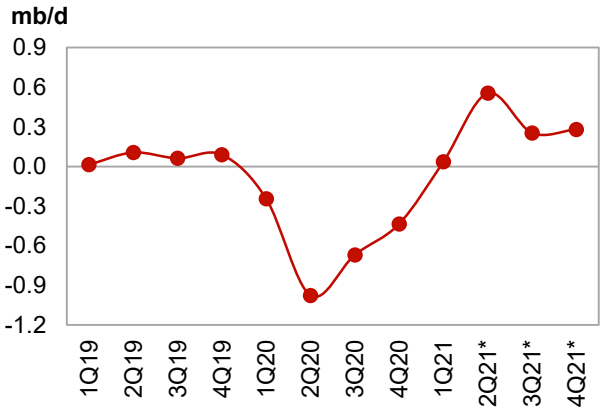
Daily new COVID-19 cases increased in May, forcing states to implement lockdowns and other restrictions that led to steep decline in mobility. The decline in transportation fuel demand was already a factor in 2Q21 data and the recovery will be slower as compared to initial expectations. As COVID-19 cases come under control and restrictions are eased towards 3Q21, oil demand, led by transportation fuel, is projected to show solid gains throughout the reminder of year. That said, uncertainty will remain high mainly related to a possible new wave of COVID-19 or the emergence of new variants, in addition to the pace of vaccinations in the country. Moreover, high retail prices and the government excise tax policy add uncertainty going forward. Oil demand growth is anticipated to pick up pace in 2H21, driven by the low baseline and uptick in gasoline and diesel demand in transportation, construction and agriculture.

Latin America

Update on the latest developments

With **March 2021** oil demand data now complete, **oil demand in Latin America** posted y-o-y increase of more than 0.3 mb/d, compared with March 2020. February 2021 indicated a decline of more than 0.1 mb/d y-o-y and when comparing March 2021 oil data with March 2019, demand fell by around 0.1 mb/d. Most products grew steadily y-o-y with the exceptions of jet/kerosene, which lagged in light of poor air traffic data, especially on international routes, compared with historical norms. Diesel increased the most followed by gasoline and the heavy part of the barrel. Diesel was higher y-o-y in response to improving overall economic momentum in the region and the steep decline experienced in March 2020. In Brazil, industrial production increased to the highest level since June 2010, recording 10.5% growth y-o-y, lending support to diesel.

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



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

The latest available data for Brazil indicate an increase of more than 0.4 mb/d, y-o-y in April, as recovery in industrial fuels and tucking activity supported this increase. Transportation fuels, led by gasoline, also contributed to this rise. Reduction in Covid-19 cases in April drove the improvement in mobility in cities such as Sao Paulo and Rio de Janeiro, but increase in cases towards the end of the month may have affected May's consumption.

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

By product	Apr 21	Apr 20	Change 2021/20 mb/d	Change 2021/20 %
LPG	0.23	0.24	-0.01	-2.6
Naphtha	0.14	0.15	0.00	-2.0
Gasoline	0.57	0.48	0.10	19.8
Jet/kerosene	0.05	0.02	0.03	182.9
Diesel	1.07	0.84	0.23	27.0
Fuel oil	0.10	0.10	0.00	0.9
Other products	0.45	0.39	0.06	16.6
Total	**2.61**	**2.20**	**0.41**	**18.6**

*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

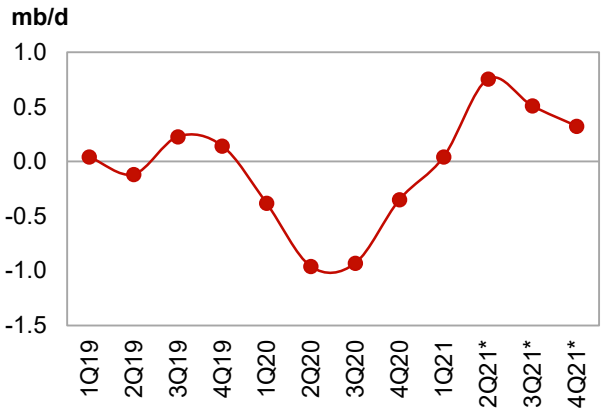
2Q21 oil demand is projected to be pressured by rising COVID-19 cases in the region's main economies. As a result, the pace of recovery – particularly for transportation fuels led by gasoline and jet fuel – will face challenges. Diesel and fuel oil demand are projected to improve towards the 2H21 in light of the positive economic outlook. Generally, 2H21 is anticipated to show positive demand development amid a recovering economy and low baseline of comparison in 2020. However, the considerable uncertainties will remain skewed to the downside, particularly due to issues related to COVID-19 cases, vaccination programmes and the possible emergence of new COVID-19 variants.

Middle East

Update on the latest developments

Middle East oil demand data for **March 2021** show a firm increase led by recovering demand for transportation and power generation fuels from Saudi Arabia and Iraq. Data indicate growth of nearly 0.6 mb/d y-o-y, compared to a drop of more than 0.3 mb/d y-o-y in February. The historical decline in consumption during March 2020 remains a central factor. However, as compared to March 2019, oil demand still showed a decline of 0.4 mb/d. Gasoline, fuel oil and diesel posted increases and led oil demand growth in March 2021. Gasoline increased by around 0.2 mb/d y-o-y, with steady gains in Saudi Arabia and Iraq supported by increased mobility. Easing COVID-19 restrictions allowed for mobility to improve compared to earlier months and hence supported gasoline requirements.

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



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

Fuel oil and diesel also posted gains y-o-y, growing by around 0.2 mb/d and 0.1 mb/d y-o-y, respectively, following y-o-y declines in the first two months of 2021. Increases mainly resulted from improvements in the industrial sector in various countries as well as an uptick in bunker fuel demand. Moreover, power generation in Saudi Arabia encouraged additional demand for fuel oil while fuel oil demand in Iraq, Kuwait and the UAE also rose due to improved industrial and trading activity.

In Saudi Arabia, the latest available data for April 2021 indicates a strong rebound in oil demand of more than 0.4 mb/d y-o-y, mostly credited to increases in gasoline demand. Gasoline consumption was higher by 0.2 mb/d y-o-y as COVID-19 measures were eased and led to improved mobility generally. Jet/kerosene also flipped into growth, adding marginal y-o-y volume on the back of improved domestic air traffic and slower demand during April 2020. Additionally, heavy distillates rose solidly, with fuel oil and crude oil for the use in power generation each increasing by around 0.1 mb/d y-o-y.

Near-term expectations

Oil demand is expected to gradually recover and post steady gains in 2H21. However, this will largely depend on COVID-19 developments, which is assumed to be limited as the situation seems to be well controlled. The resumption of international flights in Saudi Arabia towards the end of May will support jet fuel requirements throughout the remainder of the year. On the economic front, infrastructure spending along with an improving industrial sector are expected to lend support to industrial fuels, whereas power generation demand will seasonally pick up pace during 3Q21. In terms of products, middle distillates are projected to return to solid growth.

World Oil Supply

Non-OPEC liquids supply for 2020 shows a minor downward revision of 15 tb/d and is estimated to have declined by 2.54 mb/d y-o-y to average 62.89 mb/d. The largest declines were seen in Russia, falling by 1.0 mb/d, and in the US at 0.8 mb/d. Moreover, production also declined in Canada, Colombia, Kazakhstan, Malaysia, the UK and Azerbaijan, while oil supply is estimated to have increased in Norway, Brazil, China and Guyana.

Non-OPEC liquids supply in 2021 has been revised up this month by 0.13 mb/d to average 63.73 mb/d. This is mainly on the back of a faster than expected recovery of 2.5 mb/d in US crude oil and NGLs from the February winter disruption, with growth now forecast at 0.84 mb/d y-o-y. The higher oil supply forecast in Norway, China and Indonesia also supported this revision, although on the flip side there were downward revisions for the UK, Brazil and Colombia. The main drivers for 2021 supply growth are expected to be Canada, Brazil, China, and Norway.

Started frac operations in US shale surged by 26% between December 2020 and January 2021. Following the plunge in February, frac jobs have remained broadly flat at 840 over the next three months. This has led to an increase in the number of completed wells, also due to a strong draw in the number of DUCs from inventory to raise the number of started new wells in May to the pre-COVID level of around 850 Despite the current recovering trend in US crude oil production, particularly in the Permian Basin, and the expected exit rate at 11.6 mb/d in December 2021, average US crude production in 2021, will remain lower by 0.12 mb/d, y-o-y, at 11.2 mb/d.

Following two years of declining OPEC NGLs production in 2019 and 2020 by 0.08 mb/d and 0.17 mb/d respectively, growth of 0.14 mb/d is expected in 2021, to average 5.19 mb/d.

OPEC crude oil production in May was up by 0.39 mb/d m-o-m to average 25.46 mb/d, according to secondary sources. Non-OPEC liquids output including OPEC NGLs in May was up by 0.24 mb/d m-o-m to average 68.21 mb/d, a rise of 4.30 mb/d, y-o-y. As a result, world oil supply is estimated to have grown m-o-m in May by 0.63 mb/d to average 93.67 mb/d, up by 5.63 mb/d y-o-y.

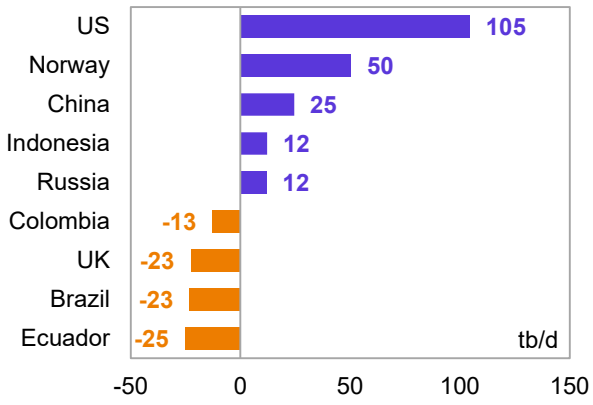
Main monthly revisions and key drivers of growth and declines

Non-OPEC liquids absolute supply in 2021 has been revised up by 0.13 mb/d to average 63.73 mb/d. It is now forecast to grow by 0.84 mb/d (including processing gains of 0.13 mb/d). Oil supply growth forecasts were revised up in the US (105 tb/d), Norway (50 tb/d), China (25 tb/d), but revised down in Ecuador (25 tb/d), Brazil (23 tb/d) and the UK (23 tb/d).

Liquids supply in non-OPEC countries in 2020 has been revised down this month by 15 tb/d. It is now estimated to have declined by 2.54 mb/d, mainly in Russia, the US, Canada, Colombia, Kazakhstan, the UK, Malaysia, Azerbaijan, India and Thailand.

OPEC NGLs production growth in 2020 has been revised down by 51 tb/d to decline by 0.17 mb/d. For 2021, the forecast has been revised up by 62 tb/d to show y-o-y growth of 0.14 mb/d.

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



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

For **2021**, oil supply is expected to grow by 0.84 mb/d and the **key drivers for growth** are Canada, Norway, China and Brazil, while oil production mainly in the UK, Sudans, Egypt and Colombia is forecast to decline.

Non-OPEC liquids production in 2020 and 2021

Table 5 - 1: Non-OPEC liquids production in 2020, mb/d

Non-OPEC liquids production	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19 Growth	Change 2020/19 %
Americas	25.77	26.60	23.55	24.10	24.65	24.73	-1.05	-4.07
of which US	*18.43*	*19.05*	*16.81*	*17.34*	*17.30*	*17.62*	*-0.80*	*-4.35*
Europe	3.71	4.05	3.89	3.79	3.89	3.90	0.19	5.21
Asia Pacific	0.52	0.53	0.54	0.54	0.52	0.53	0.01	1.61
Total OECD	**30.01**	**31.18**	**27.98**	**28.43**	**29.06**	**29.16**	**-0.85**	**-2.82**
China	4.04	4.13	4.12	4.13	4.08	4.12	0.07	1.76
India	0.82	0.79	0.76	0.76	0.76	0.77	-0.06	-6.74
Other Asia	2.69	2.61	2.47	2.46	2.49	2.50	-0.18	-6.84
Latin America	6.09	6.35	5.83	6.14	5.91	6.06	-0.03	-0.51
Middle East	3.20	3.19	3.20	3.15	3.17	3.17	-0.03	-0.83
Africa	1.51	1.46	1.43	1.40	1.37	1.42	-0.09	-6.10
Russia	11.61	11.68	10.38	10.01	10.31	10.59	-1.02	-8.78
Other Eurasia	3.07	3.16	2.92	2.73	2.85	2.91	-0.16	-5.13
Other Europe	0.12	0.12	0.12	0.11	0.11	0.12	0.00	-3.27
Total Non-OECD	**33.16**	**33.47**	**31.22**	**30.89**	**31.05**	**31.66**	**-1.50**	**-4.52**
Total Non-OPEC production	63.16	64.65	59.20	59.32	60.12	60.82	-2.35	-3.71
Processing gains	2.26	2.15	1.85	2.15	2.15	2.07	-0.19	-8.47
Total Non-OPEC liquids production	**65.43**	**66.80**	**61.05**	**61.47**	**62.26**	**62.89**	**-2.54**	**-3.88**
Previous estimate	65.42	66.77	61.07	61.48	62.27	62.89	-2.52	-3.86
Revision	0.01	0.02	-0.02	-0.02	-0.01	0.00	-0.02	-0.02

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

Table 5 - 2: Non-OPEC liquids production in 2021*, mb/d

Non-OPEC liquids production	2020	1Q21	2Q21	3Q21	4Q21	2021	Change 2021/20 Growth	Change 2021/20 %
Americas	24.73	24.11	24.64	25.43	26.03	25.06	0.33	1.35
of which US	*17.62*	*16.64*	*17.52*	*17.97*	*18.46*	*17.66*	*0.03*	*0.19*
Europe	3.90	3.95	3.74	4.03	4.10	3.95	0.05	1.26
Asia Pacific	0.53	0.51	0.56	0.55	0.55	0.54	0.01	1.92
Total OECD	**29.16**	**28.57**	**28.93**	**30.01**	**30.68**	**29.55**	**0.39**	**1.35**
China	4.12	4.25	4.26	4.23	4.20	4.23	0.12	2.86
India	0.77	0.76	0.76	0.75	0.74	0.75	-0.01	-1.54
Other Asia	2.50	2.55	2.50	2.48	2.47	2.50	-0.01	-0.30
Latin America	6.06	5.96	6.11	6.31	6.51	6.23	0.17	2.79
Middle East	3.17	3.20	3.20	3.23	3.24	3.22	0.04	1.36
Africa	1.42	1.38	1.33	1.34	1.32	1.34	-0.07	-5.24
Russia	10.59	10.47	10.71	10.66	10.66	10.63	0.03	0.32
Other Eurasia	2.91	2.96	2.95	2.98	2.98	2.97	0.05	1.84
Other Europe	0.12	0.11	0.11	0.11	0.11	0.11	-0.01	-6.92
Total Non-OECD	**31.66**	**31.64**	**31.93**	**32.09**	**32.23**	**31.97**	**0.32**	**1.00**
Total Non-OPEC production	60.82	60.21	60.86	62.10	62.90	61.53	0.71	1.17
Processing gains	2.07	2.20	2.20	2.20	2.20	2.20	0.13	6.17
Total Non-OPEC liquids production	**62.89**	**62.41**	**63.06**	**64.30**	**65.10**	**63.73**	**0.84**	**1.33**
Previous estimate	62.89	62.37	63.13	63.98	64.88	63.60	0.70	1.12
Revision	0.00	0.04	-0.06	0.32	0.22	0.13	0.13	0.21

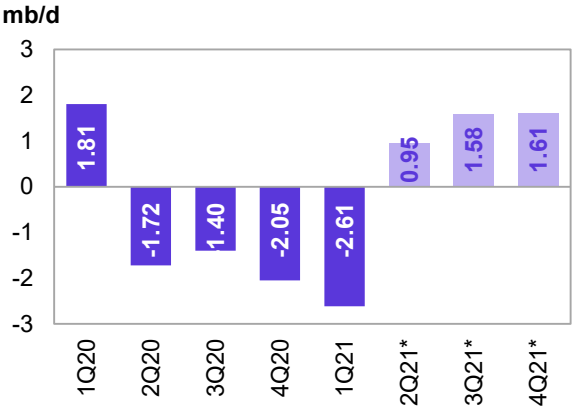
*Note: * 2021 = Forecast. Totals may not add up due to independent rounding. Source: OPEC.*

OECD

OECD liquids production in 2020 is estimated to have declined by 0.85 mb/d y-o-y to average 29.16 mb/d.

For **2021**, OECD liquids production growth is forecast at 0.39 mb/d to average 29.55 mb/d. This is an upward revision of 0.12 mb/d m-o-m.

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



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

Table 5 - 3: OECD liquids supply changes by region, mb/d

OECD	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21*	3Q21*	4Q21*
Americas	1.51	-2.06	-1.62	-2.00	-2.49	1.09	1.33	1.37
Europe	0.22	0.31	0.24	0.00	-0.10	-0.15	0.23	0.21
Asia Pacific	0.08	0.03	-0.02	-0.05	-0.02	0.02	0.02	0.03
Total OECD	**1.81**	**-1.72**	**-1.40**	**-2.05**	**-2.61**	**0.95**	**1.58**	**1.61**

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

OECD Americas

US

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

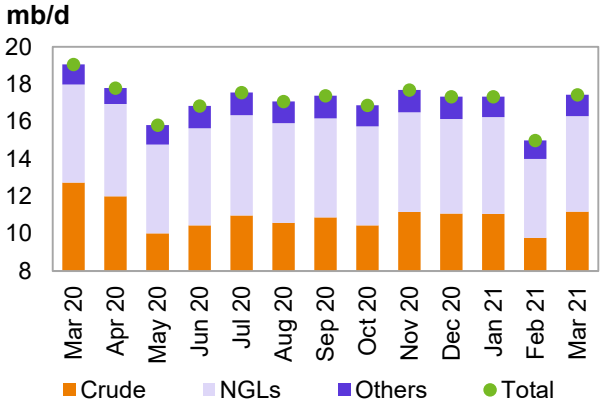
US liquids production in March 2021 saw a robust recovery of 2.45 mb/d m-o-m, following the drastic February drop on the back of winter storms and freezing temperatures, to average 17.44 mb/d, lower by 1.63 mb/d y-o-y.

Crude and condensate output in March was up m-o-m by 1.40 mb/d to average 11.18 mb/d, down by 1.55 mb/d compared to a year earlier. The US EIA had estimated production at 10.94 mb/d in the May issue of its Short Term Energy Outlook (STEO).

NGLs production in March recovered by 901 tb/d m-o-m to average 5.12 mb/d, albeit lower than January levels by 72 t/d.

Other non-conventional liquids, mainly ethanol, were up by 150 tb/d m-o-m to average 1.14 mb/d.

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



Source: OPEC.

US crude and field condensate production surprised to the upside in March. The main increase was in Texas, which added by 990 tb/d m-o-m – primarily the Permian Basin – to average 4.75 mb/d, albeit down by 0.69 mb/d y-o-y. New Mexico oil output also recovered from February's disruptions, adding 172 tb/d m-o-m to average 1.16 mb/d, and higher by 44 tb/d, y-o-y. Texas and New Mexico production as of March is now 0.15 mb/d higher than it was in January. Crude oil and condensate production also increased m-o-m in the Gulf of Mexico (GoM) and Oklahoma by 107 tb/d and 87 tb/d, to average 1.87 mb/d and 0.40 mb/d, respectively. Oil production in North Dakota witnessed a minor m-o-m increase of 6 tb/d to average 1.02 mb/d, while production in Colorado (PADD 4) declined by a minor 3 tb/d to average 0.37 mb/d.

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

State	Feb 21	Mar 21	Change Mar 21/Feb 21
Oklahoma	317	404	*87*
Colorado	371	368	*-3*
Alaska	457	453	*-4*
North Dakota	1,013	1,027	*14*
New Mexico	983	1,155	*172*
Gulf of Mexico (GoM)	1,763	1,870	*107*
Texas	3,755	4,745	*990*
Total	**9,783**	**11,184**	***1,401***

Sources: EIA and OPEC.

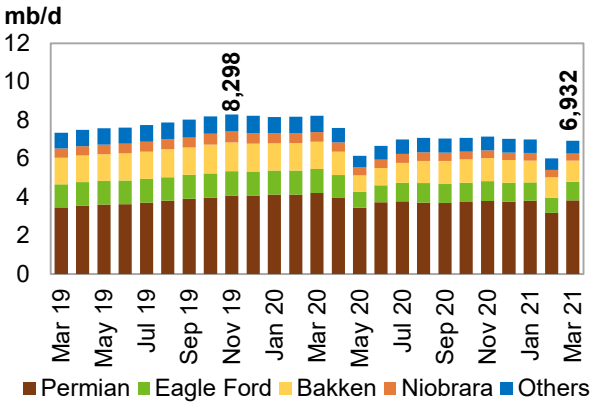
Crude oil production in March saw a large increase as previously curtailed volumes from February were brought back as the February winter crisis abated. The EIA notes that **US onshore conventional crude oil production** increased by 389 tb/d in March to average 2.38 mb/d, following a m-o-m decline of 280 tb/d in February. The March level is 109 tb/d higher than January. The EIA's monthly report also sees tight crude production recovering by 905 tb/d in March, but this is still 67 tb/d below the January level.

Taken together, US crude and condensate production, including growth of 107 tb/d in the GoM, rose m-o-m by 1.40 mb/d to average 11.18 mb/d in March 2021.

Following a major drop of 972 tb/d in February 2021, **US tight crude production in March** recovered by 905 tb/d to average 6.93 mb/d, according to the EIA. This is down by 1.30 mb/d y-o-y.

The March production recovery, when compared to January levels, sees a decline of 68 tb/d. It should be noted that March Permian production was actually up by 30 tb/d on January levels to average 3.8 mb/d. The Eagle Ford also saw minor higher output of 2 tb/d, compared to January, to average 964 tb/d. Declines in March were seen in the Bakken, dropping by 38 tb/d versus January to average 1,096 tb/d, and the Niobrara, with output dropping by 14 tb/d to average 373 tb/d versus January levels. Declines were also witnessed in other shale plays, estimated at 47 tb/d, to average 658 tb/d.

Graph 5 - 4: US tight crude output breakdown



Sources: EIA, Rystad Energy and OPEC.

Despite the return of 1.4 mb/d m-o-m in March, **US crude oil production in 2021** is forecast to decline by 0.12 mb/d y-o-y to average 11.2 mb/d. Production from the GoM is expected to grow by 0.15 mb/d to average 1.81 mb/d, while onshore conventional crude is estimated to decline by 0.14 mb/d to average 2.24 mb/d, largely due to mature oil fields.

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

US liquids	2019	Change 2019/18	2020	Change 2020/19	2021*	Change 2021/20
Tight crude	7.74	1.24	7.28	-0.46	7.15	-0.14
Gulf of Mexico crude	1.90	0.14	1.66	-0.24	1.81	0.15
Conventional crude oil	2.61	-0.09	2.38	-0.24	2.24	-0.14
Total crude	12.25	1.28	11.31	-0.94	11.20	-0.12
Unconventional NGLs	3.92	0.46	4.26	0.33	4.41	0.15
Conventional NGLs	0.90	-0.01	0.90	0.00	0.86	-0.04
Total NGLs	4.82	0.46	5.16	0.34	5.27	0.11
Biofuels + Other liquids	1.35	0.00	1.15	-0.20	1.19	0.04
US total supply	**18.43**	**1.74**	**17.62**	**-0.80**	**17.66**	**0.03**

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

For **tight crude production in 2021,** based on actual March crude output and the updated drilling and completion (D&C) metrics, a y-o-y contraction of 0.14 mb/d to average 7.15 mb/d is anticipated.

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

US tight oil	2019	Change 2019/18	2020	Change 2020/19	2021*	Change 2021/20
Permian tight	3.72	0.88	3.85	0.14	3.98	0.13
Bakken shale	1.42	0.16	1.18	-0.23	1.11	-0.07
Eagle Ford shale	1.24	0.05	1.05	-0.18	1.07	0.02
Niobrara shale	0.51	0.07	0.45	-0.06	0.42	-0.03
Other tight plays	0.86	0.08	0.74	-0.12	0.56	-0.18
Total	**7.74**	**1.24**	**7.28**	**-0.46**	**7.15**	**-0.14**

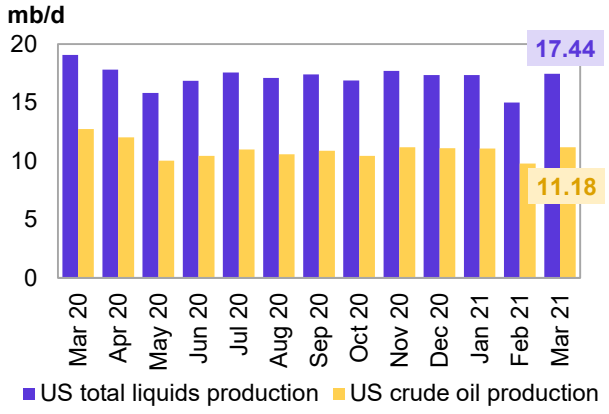
*Note: * 2021 = Forecast. Source: OPEC.*

US NGLs production in 2021 is expected to grow by 0.11 mb/d y-o-y to average 5.27 mb/d, which is below the robust growth of 0.34 mb/d y-o-y in 2020.

Biofuels and other non-conventional liquids are forecast to increase by 0.04 mb/d y-o-y in 2021, to average 1.19 mb/d.

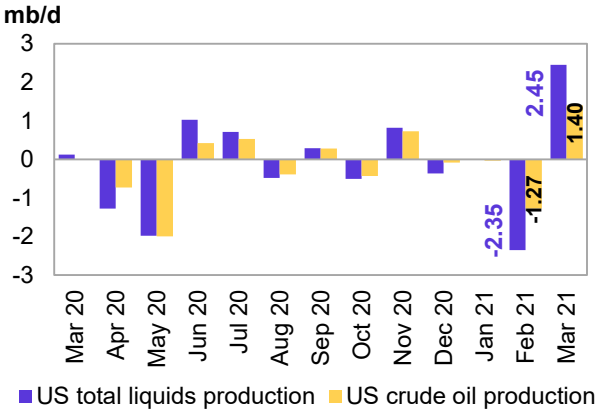
US liquids production is projected to rise by a minor 0.03 mb/d y-o-y in 2021 to average 17.66 mb/d. This has been revised up by 0.11 mb/d, following the robust and speedy recovery of 2.5 mb/d in March. According to the new assessment, based on the US monthly crude oil and liquids production forecast model, it is estimated that crude oil output and total liquids will reach 11.60 mb/d and 18.70 mb/d in December 2021, respectively.

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



Sources: EIA and OPEC.

Graph 5 - 6: US monthly crude oil and total liquids supply, m-o-m changes



Sources: EIA and OPEC.

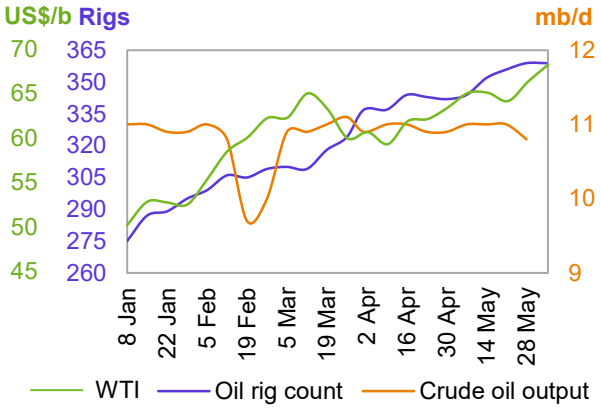
US rig count, spudded, completed, DUC wells and fracking activity

Total **US active drilling rigs** rose by 16 units m-o-m to 456 rigs, according to the Baker Hughes' weekly survey on 4 June. This includes 442 active onshore rigs, 13 offshore and one rig in inland waters.

The **US oil rig count** increased by 17 units to 359 rigs since the last MOMR for the week ended 4 June, higher by 153 oil rigs y-o-y. The **gas rig count** reached 97 rigs, higher by one rig m-o-m, and up by 21 units compared to a year ago.

Despite no w-o-w change in the US horizontal rig count for both oil and gas in the latest Baker Hughes' report at 415, the overall drilling outlook remains healthy. Onshore operators are expected to add oil rigs over the coming weeks and months to position for a stronger 2022, amid a steady oil price recovery.

Graph 5 - 7: US weekly rig count, US weekly crude oil output and WTI price



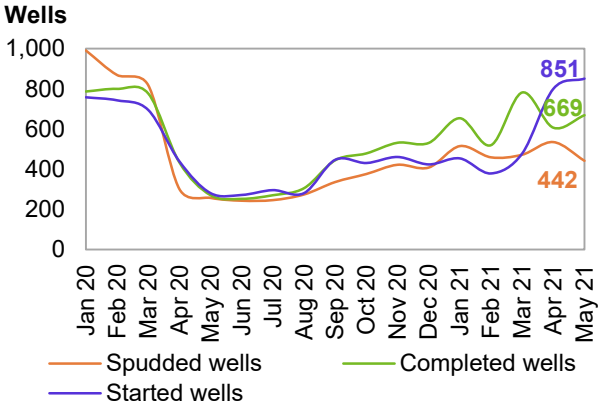
Sources: Baker Hughes, EIA and OPEC.

In terms of **trajectory, active drilling rigs for horizontal wells** in both oil and gas were up y-o-y from 253 units to 415. In terms of the major basins, in the week ended 4 June, 232 oil rigs were active in the Permian Basin, up by 8 rigs vs the end of April, and up by 91 rigs y-o-y. For the same period, the number of active oil rigs in the Eagle Ford Basin was at 33, up by 20 y-o-y. The Williston Basin reported 16 active oil rigs, but this was still down by four y-o-y, and six units were reported in the DJ-Niobrara Basin, up by one on a year ago.

With regard to **spudding, completion and started wells** in all US shale plays, March crude oil production saw a large increase, as previously curtailed volumes from February returned. An increase was also observed for completions activity, which bounced back to the highest level witnessed over the past year, at 782 completed wells, although preliminary data shows lower completions in April and May, as reported by Rystad Energy. It should be noted that the number of started new wells saw a robust increase in May to reach 851, surpassing the pre-COVID level of January-March 2020.

Nevertheless, the number of spudded and completed wells in May, according to preliminary data, shows a lower level compared with the end of March 2020, when D&C activities plunged. The numbers are down by 46% and 14%, respectively.

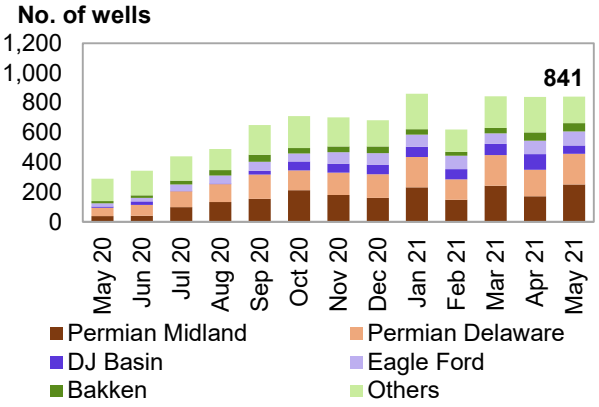
Graph 5 - 8: Spudded, completed and started wells in the US shale plays



Sources: Rystad Energy and OPEC.

In terms of **US oil and gas identified started fracking operations** by region, Rystad Energy reported that 841 wells started fracking operations in the US in May. This preliminary number, based almost exclusively on analysis of high-frequency satellite data, is almost flat m-o-m. "US fracking activity increased rapidly in the beginning of 2021, driven by a combination of structural reactivations, and a rush to complete drilled but uncompleted (DUC) wells", Rystad Energy said and went on to reprot "The number of frac starts in January touched 860, a jump of 26% from December. The total plunged by 28% in February as frigid weather conditions halted operations across much of Texas and parts of New Mexico. March saw a 36% surge, at 844 starts, but that was largely driven by operators racing to make up for the previous month's loss and clear the backlog".

Graph 5 - 9: Fracked wells count per month

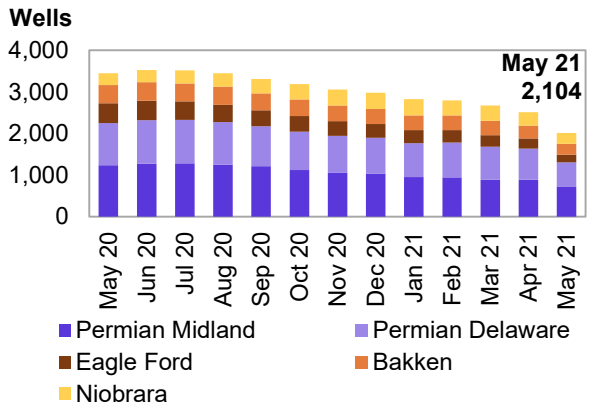


Sources: Rystad Energy Shale Well Cube and OPEC.

According to Rystad Energy estimates, April had 839 frac starts and as already noted, May had 841. Rystad further reported that "The Permian Basin saw a particularly strong start to the month, with around 457 jobs already identified, corresponding to the average seen in March and April. Outside of the Permian, frac counts are building up quickly in south Texas' Eagle Ford and it is possible that the region will see its count touch the triple digits for the first time since the start of the Covid-19-induced downturn".

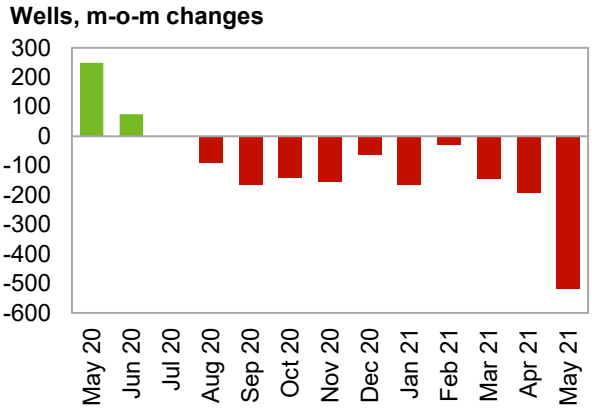
Increased fracking would likely help sustain US onshore production as operators bring online their **DUC wells**. With the strong rebound in US oil fracking activity since the winter slowdown in February, the DUC inventory in major tight oil regions (Permian, Eagle Ford, Bakken, Niobrara and Anadarko) saw another months of strong declines in March, April, and May by 144, 191, and 518, respectively. The total horizontal DUCs inventory in oil regions fell to about 2,100 wells in May, as fracking outpaced drilling.

Graph 5 - 10: US horizontal DUC count by shale play



Sources: Rystad Energy and OPEC.

Graph 5 - 11: Withdrawal of uncompleted wells from DUC inventories since July 2020



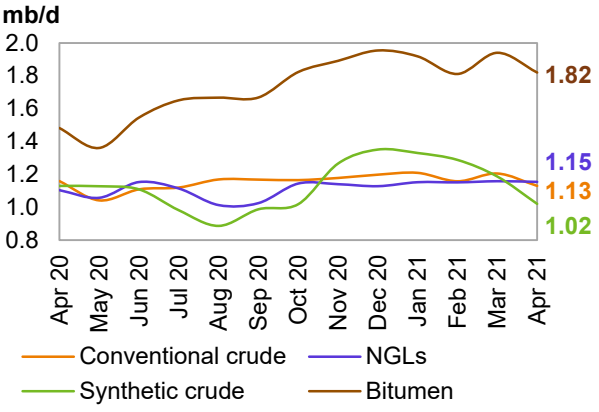
Sources: Rystad Energy and OPEC.

Canada

Canada's liquids production in April dropped by 0.37 mb/d m-o-m to average 5.16 mb/d, on the back of planned maintenance. Conventional crude oil production is estimated to have declined by 75 tb/d m-o-m to average 1.13 mb/d, while oil sands production declined by 286 tb/d m-o-m to average 2,841 tb/d. NGLs output in February is pegged at 1.15 mb/d, according to official data, and production is expected to have remained flat in March and April.

According to the Alberta Energy Regulator, the production of crude bitumen dropped by 0.12 mb/d m-o-m in April to average 1.82 mb/d, up by 0.34 mb/d y-o-y, while synthetic crude production declined by 0.17 mb/d m-o-m to average 1.02 mb/d, down by 0.11 mb/d y-o-y.

Graph 5 - 12: Canada monthly liquids production development by component



Sources: National Energy Board and OPEC.

Production outages in Canada due to heavy and extended maintenance are expected to continue to October, with cumulative outages during April-October expected at around 1.42 mb/d. Hence, total liquids production is forecast to be at 5.2 mb/d, 5.5 mb/d, and 5.6 mb/d in 2Q21, 3Q21 and 4Q21, respectively. Based on this forecast, average production in 2021 is expected to grow by 0.28 mb/d to average 5.46 mb/d.

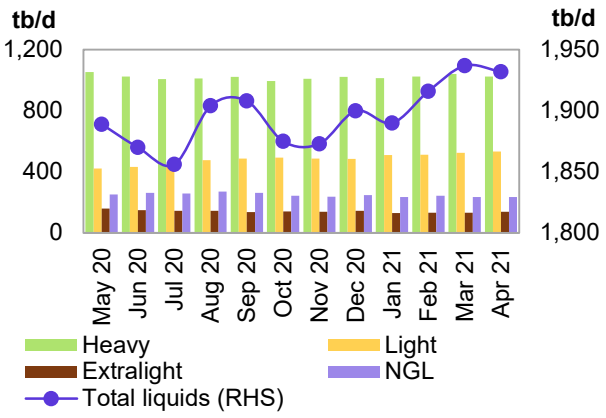
Mexico

Mexico's liquids output in April was down by a minor 5 tb/d m-o-m to average 1.93 mb/d. Crude oil output fell by 4 tb/d, to average 1.69 mb/d, down by 10 tb/d y-o-y, according to Pemex. NGLs production was flat at 234 tb/d (including condensate).

In 2021, crude oil production from new projects is estimated to average 26 tb/d, all located in offshore. The largest of the fields is Esah, where production is expected to peak at 23 tb/d in 4Q21. Production from Ichalkil, Pokoch, and Teekit is expected to average 13 tb/d, 10 tb/d, and 7 tb/d, respectively, in 4Q21. Production from two other small projects – Suuk and Tetl – will also add some minor volumes in 2021. Mexico's liquids supply growth has been revised up by 9 tb/d and is expected to grow by 0.02 mb/d in 2021, to average 1.93 mb/d.

Graph 5 - 13: Mexico's monthly liquids and crude production by type

Vised



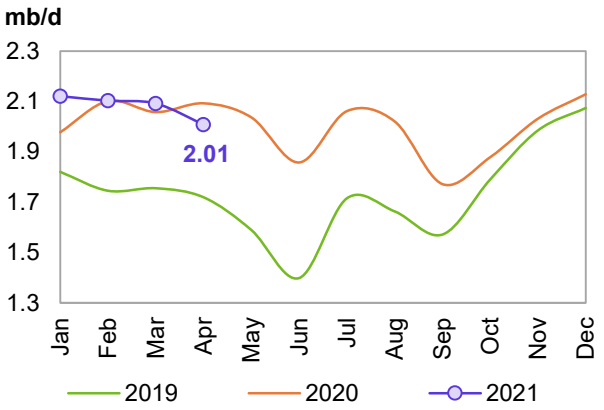
Sources: PEMEX and OPEC.

OECD Europe

Norway

Norwegian liquids production in April 2021 fell by 84 tb/d m-o-m to average 2.01 mb/d, down by the same amount y-o-y. The April production decline was lower than the total forecast outage of 119 tb/d, which was assumed for planned maintenance and outages related to accidental damage. Crude oil production declined by 50 tb/d m-o-m to average 1.73 mb/d, lower by 0.03 mb/d y-o-y. NGLs and condensate output dropped by a minor 34 tb/d to average 0.28 mb/d, lower by 0.05 mb/d y-o-y, according to official data from the Norwegian Petroleum Directorate (NPD). The NPD announced that "Oil production in April is 3.2% higher than the NPD's forecast, and 0.7% higher than the forecast so far this year".

Graph 5 - 14: Norway's monthly liquids production



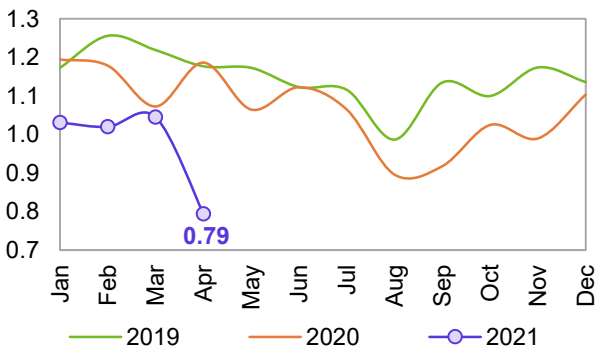
Sources: NPD and OPEC.

Norway's oil supply in 2020 is estimated to have grown by 0.27 mb/d to average 2.00 mb/d, while in **2021,** the growth forecast has been revised up by 0.05 mb/d m-o-m, based on lower outages than those expected last month. Production is now expected to average 2.12 mb/d, with growth of 0.12 mb/d y-o-y. In terms of new projects for 2021, Martin Linge is planned for a July and production is expected to reach 53 tb/d. Production from Johan Sverdrup phase-1, which passed the 500 tb/d level in January 2021, is expected to reach 535 tb/d in July and then continue at this level until the end of year. The output of liquids has been affected by maintenance in 2Q21 and production is expected to be lower by 0.11 mb/d vs 1Q21. However, output is anticipated to be higher in 3Q21 by 0.06 mb/d vs 1Q21 to average 2.17 mb/d. This is due to higher production ramp ups from new projects, more than offsetting outages due to maintenance.

UK

UK liquids production in April was hit by a large outage of 0.25 mb/d, with production dropping to average 0.79 mb/d. The outage was due to early summer maintenance at Troll and the Forties Pipeline system that brought a seasonal dip in April's volume, which is expected to continue into May and June. In fact, maintenance is expected to continue into 3Q21, albeit with more minor outages. Crude oil production in April fell by 216 tb/d m-o-m to average 700 tb/d, while NGLs output was down by 35 tb/d to average 60 tb/d.

Graph 5 - 15: UK's monthly liquids production



Sources: Department of Energy & Climate Change and OPEC.

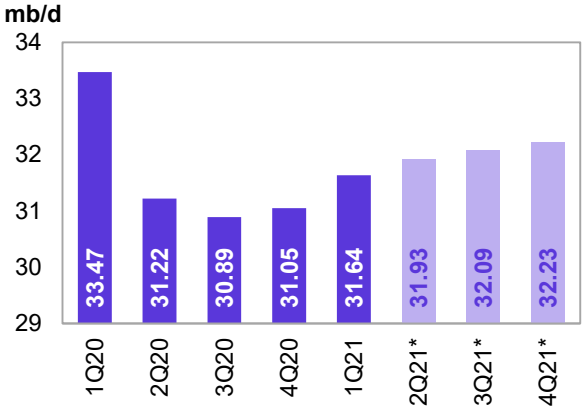
In **2021**, the main projects where production is ramping up are Mariner, with average production at 44 tb/d, higher by 21 tb/d y-o-y, and Clair Ridge, averaging 45 tb/d, up by 10 tb/d y-o-y. There are no new projects to start up in 2021, and natural declines are expected to outpace current production. UK liquids supply is forecast to decline by 0.07 mb/d to average 0.99 mb/d, revised down by 23 tb/d m-o-m. Moreover, the upstream sector in the UK is facing a new emission policy of 'net zero', known as the North Sea Transitional Deal.

"The North Sea Transition Deal unveiled at the end of March aims to set the scene for how the UK's offshore oil and gas sector and the government will work together to successfully embrace energy transition and meet greenhouse gas emission reduction targets" according to Rystad Energy. "In 2019, total emissions for the UK Continental Shelf upstream operations amounted to 13.1 million tonnes of CO_2. Almost 30% of total emissions came from the top ten emitting assets, with platforms such as Ninian, Beryl, Elgin, Britannia and Buzzard heading the list. The UK is the first major economy to pass new laws to reduce emissions to net zero by 2050, but it has been criticized over the lack of detail on how this would be achieved", Rystad Energy highlighted in its analysis.

Non-OECD

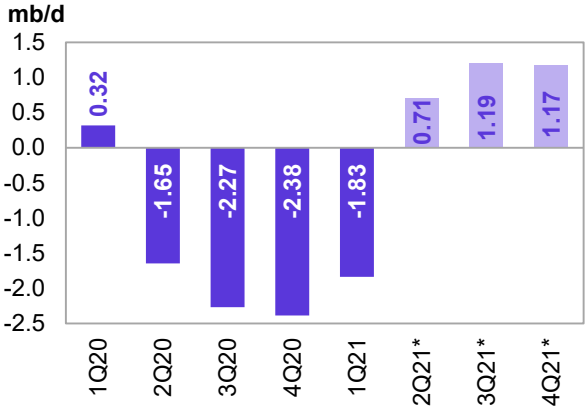
Non-OECD liquids production for 2020 is estimated to have declined by 1.50 mb/d y-o-y. This has been revised down by 0.01 mb/d, due to downward revisions in Africa and Other Asia, to average 31.66 mb/d.

Graph 5 - 16: Non-OECD quarterly liquids supply



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

Graph 5 - 17: Non-OECD quarterly liquids supply, y-o-y changes



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

For **2021**, liquids production in non-OECD countries is forecast to grow by 0.32 mb/d y-o-y. This has been revised up by 0.01 mb/d to average 31.97 mb/d.

Table 5 - 7: Non-OECD liquids supply y-o-y changes by region, mb/d

Non-OECD	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21*	3Q21*	4Q21*
China	0.08	0.05	0.09	0.06	0.12	0.14	0.10	0.12
India	-0.06	-0.07	-0.05	-0.05	-0.03	0.00	-0.01	-0.01
Other Asia	-0.11	-0.28	-0.15	-0.19	-0.06	0.03	0.02	-0.02
Latin America	0.51	-0.09	-0.09	-0.46	-0.39	0.28	0.18	0.60
Middle East	-0.01	0.00	-0.05	-0.04	0.01	0.00	0.08	0.08
Africa	-0.05	-0.08	-0.10	-0.13	-0.08	-0.10	-0.07	-0.05
Russia	-0.03	-1.15	-1.58	-1.31	-1.21	0.33	0.65	0.35
Other Eurasia	-0.01	-0.02	-0.33	-0.27	-0.20	0.03	0.25	0.13
Other Europe	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01
Total Non-OECD	**0.32**	**-1.65**	**-2.27**	**-2.38**	**-1.83**	**0.71**	**1.19**	**1.17**

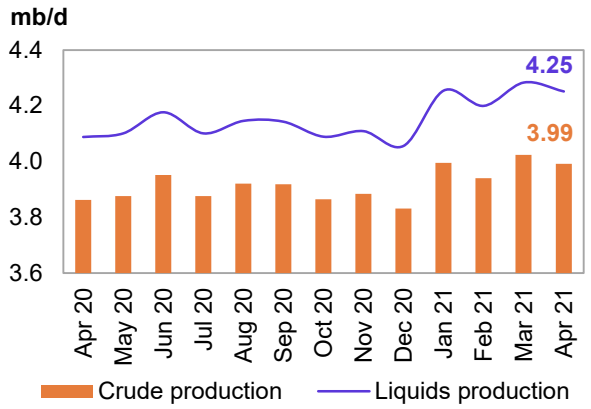
*Note: * 2Q21-4Q21 = Forecast. Source: OPEC.*

China

China's crude oil production in April was down by 32 tb/d m-o-m to average 3.99 mb/d, but up by 0.13 mb/d y-o-y, according to official data. Production of NGLs and other non-conventional liquids was mainly flat in April vs March, at 20 tb/d and 240 tb/d, respectively. Liquids output in 1Q21 increased q-o-q by 0.17 mb/d to average 4.25 mb/d, while crude oil output increased by 126 tb/d over the same period. Liquids production in 2Q21 should be at least flat from 1Q21, but as no new large projects are expected to come online in the coming months, lower production is expected for 2H21. Higher NGLs output of 14 tb/d in 1Q21, to average 0.2 mb/d, and increasing non-conventional liquids such as ethanol, biodiesel, and CTLs, which totalled 0.24 mb/d in 1Q21, have contributed to higher China liquids output in 2021 vs 2020.

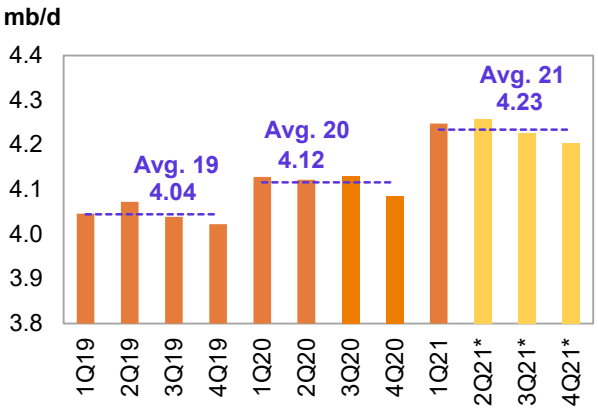
Offshore projects such as, Liuhua 16-2, Liuhua 4-1-1 and to some extent, Jinzhou 24-1, have been the most supportive fields for China's annual growth in 2021, from which production is expected to grow by around 42 tb/d. Onshore filed production in the current year is anticipated to see y-o-y growth, but at slower rate than last year. The main growth comes from the Changqing, with output expected to reach an average 66 tb/d in 2021.

Graph 5 - 18: China's monthly liquids output



Sources: CNPC and OPEC.

Graph 5 - 19: China's monthly liquids output



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

Latin America

Latin America's total liquids supply in April was up by 0.09 mb/d m-o-m to average 6.03 mb/d, mainly on the back of increasing production in Brazil. Liquids output was up by 0.26 mb/d y-o-y.

For **2021**, oil production is revised down by 0.05 mb/d m-o-m and projected to grow by 0.17 mb/d y-o-y to average 6.23 mb/d. Oil production in Brazil, Guyana, Ecuador, Argentina and Peru is forecast to increase, while declines are expected in Colombia and other countries of the region. Production in Ecuador is projected to recover by 0.03 mb/d from outages seen in 2020 to average 0.52 mb/d, albeit revised down by 0.03 mb/d m-o-m. Oil production is likely to decline in Colombia by 0.03 mb/d, which has been revised down by 0.02 mb/d m-o-m. Exxon Mobil reduced crude output at its offshore Liza-1 project in Guyana to 30 tb/d from 13 to 20 April, down from 120 tb/d. This was due to a mechanical problem with the offshore platform's gas compressor, but it has since begun to slowly ramp up oil production to 100-110 tb/d. In Argentina, oil production is forecast to grow by 0.02 mb/d to average 0.68 mb/d. This is mainly tight crude from Vaca Muerta, which is expected to grow by 29 tb/d in 2021, to average 137 tb/d. However, possible higher natural declines in mature fields may impact anticipated overall growth for the year.

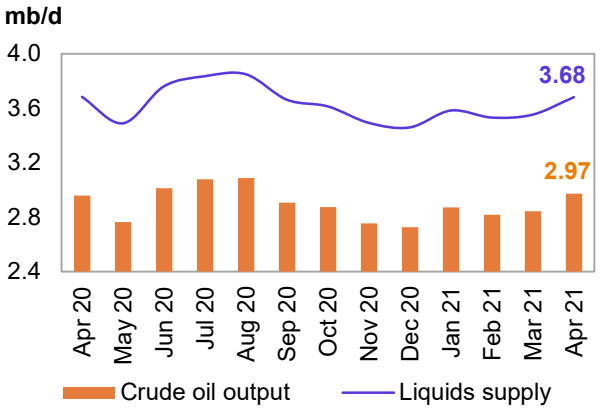
Brazil

Brazil's crude oil production in April was up by 128 tb/d m-o-m to average 2.97 mb/d, and up by 13 tb/d y-o-y. Based on preliminary production data, and fewer outages due to lower maintenance and other unplanned outages, May crude production indicates further m-o-m growth of more than 50 tb/d.

The initial production forecast for this year has been impacted by the mandated health protection measures initiated by Petrobras on its platforms. Production was temporarily reduced at the Marlim Sul offshore field due to COVID-19-related safety measures, as well as prolonged and unforeseen maintenance weighing on oil production in 1Q21. However, crude oil production is expected to increase in the coming quarters, mainly due to the ramp-up of the Atapu, Berbigao, and Sururu fields within the BM-S-11A block, as well as the start-up of production from the offshore Sepia field. Brazil's oil production will be boosted through the FPSO Carioca, which is estimated to come online in 2H21 at the Sepia field. The FPSO Carioca will be installed at a water depth of 2,140 m and has a capacity to produce 180 tb/d of crude oil and 212 mscf/d of gas.

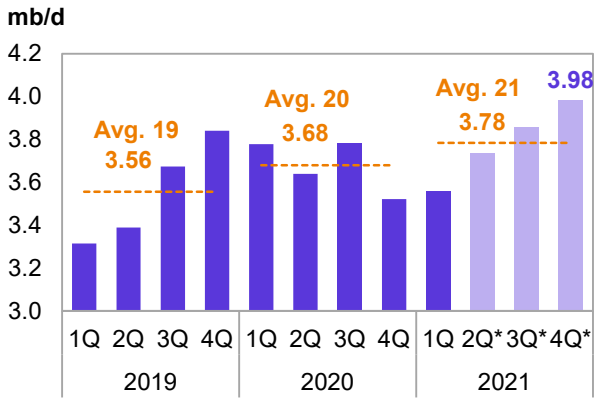
In terms of liquids, **total output in April** was up by 0.13 mb/d to average 3.68 mb/d, amid flat production of NGLs and biofuels at 95 tb/d and 614 tb/d, respectively.

Graph 5 - 20: Brazil's crude oil and liquids output



Sources: ANP, Petrobras and OPEC.

Graph 5 - 21: Brazil's quarterly and annual liquids output



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

For **2021**, the production ramp up from fields located in the Santos Basin is expected to increase output from 1.94 mb/d to an average 2.1 mb/d, a y-o-y growth of 0.16 mb/d, according to Petrobras' plan at the beginning the year. However, heavy natural decline in production in the Campos Basin will partially offset the expected growth in Santos. Apart from the production ramp up in the BM-S-11A block (consisting of the Atapu, Berbigao, and Sururu fields) in the Santos Basin, production at the Buzios field (X-Franco) is expected to reach an annual of average 547 tb/d, a y-o-y growth of 31 tb/d (it is expected to peak at 574 tb/d in 2Q21). Clara, Lapa, Bauna/Piracaba and Sapinhoa are other offshore fields anticipated to see higher output come on stream in 2021, compared to a year ago. Brazilian oil and gas giant Petrobras has revealed that the first production from its Mero 1, through the FPSO Guanabara, has been postponed due to delays in FPSO construction.

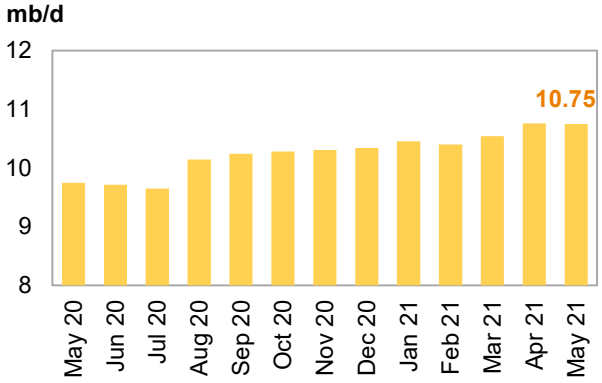
For 2021, liquids supply is forecast to grow by 0.10 mb/d, if all fields are fully ramped up, and average 3.81 mb/d. This has been revised down by 0.03 mb/d y-o-y.

Russia

Russia's liquids production in April increased m-o-m to average 10.76 mb/d, as per data provided by Nefte Compass. This was higher by 0.21 mb/d m-o-m and higher by 0.06 mb/d y-o-y. Preliminary liquids production for May is estimated at 10.75 mb/d. With this, Russia's liquids production in 2Q21 has been revised up by 49 tb/d to average 10.71 mb/d, while the liquids supply forecast remains unchanged at 10.66 mb/d for 2H21. The forecast is based on the voluntary crude oil production adjustments under the DoC and expected NGLs and condensate production.

Russia's liquids supply in **2021**, following a decline of 1.02 mb/d in 2020, is expected to see growth of 0.03 mb/d in 2021 to average 10.63 mb/d. This has been revised up by 12 tb/d m-o-m, amid higher-than-expected liquids output in 1H21.

Graph 5 - 22: Russia's monthly liquids production



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

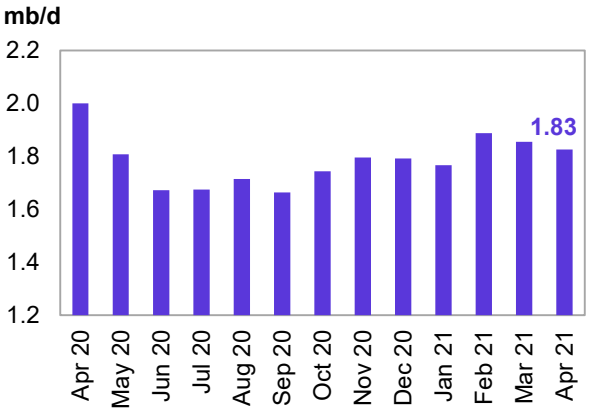
Caspian

Kazakhstan

Kazakhstan's liquids production in April fell m-o-m by 0.03 mb/d to average 1.83 mb/d. In April, NGLs and condensate output declined m-o-m by 35 tb/d to average 0.33 mb/d, but output is expected to come back in May.

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

Graph 5 - 23: Kazakhstan monthly crude and total liquids output



Sources: Nefte Compass and OPEC.

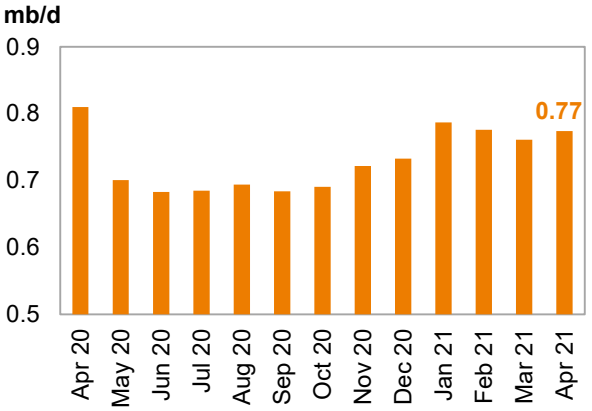
Azerbaijan

Azerbaijan's liquids supply in April was slightly up m-o-m by 0.01 mb/d to 0.77 mb/d. It is expected to have seen further expansion of another 10 tb/d m-o-m in May. If so, the 2Q21 will see growth by 0.01 mb/d q-o-q to average 0.78 mb/d.

Condensate and NGLs output from gas-condensate offshore fields is forecast to have remained flat at 0.18 mb/d in April and May.

Liquids supply in Azerbaijan in 2020 declined y-o-y by 0.06 mb/d to average 0.73 mb/d. For 2021, y-o-y growth of 0.06 mb/d is anticipated, amid developments of the Shah-Deniz field.

Graph 5 - 24: Azerbaijan monthly crude and total liquids output



Sources: Nefte Compass and OPEC.

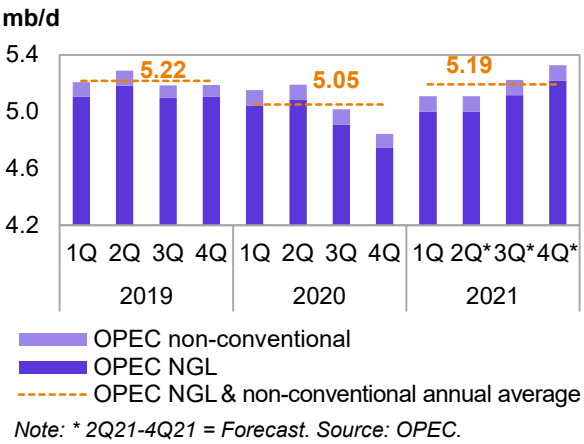
OPEC NGL and non-conventional oils

Production of **OPEC NGLs and non-conventional liquids in 2021**, following two years of declines in 2019 and 2020 of 0.08 mb/d and 0.17mb/d, respectively, is forecast to see growth of 0.14 mb/d to average 5.19 mb/d.

OPEC **NGLs** production in **2020** has been revised down m-o-m by 51 tb/d to average 4.94 mb/d. It is now estimated to have declined by 0.18 mb/d y-o-y.

At the same time, OPEC **non-conventional liquids** has seen an upward revision of 8 tb/d in **2020** to average 0.11 mb/d. It is now estimated to have grown by 0.01 mb/d y-o-y. 1Q21 is expected to grow by 0.27 mb/d to average 5.11 mb/d, and remain flat in 2Q21, before growing to 5.22 mb/d in 3Q21 and 5.33 mb/d in 4Q21.

Graph 5 - 25: OPEC NGLs and non-conventional liquids output



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

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

OPEC NGL and non-coventional oils	2019	Change 19/18	2020	Change 20/19	1Q21	2Q21	3Q21	4Q21	2021	Change 21/20
OPEC NGL	**5.12**	*-0.07*	**4.94**	*-0.18*	5.00	5.00	5.12	5.22	**5.08**	*0.14*
OPEC non-conventional	**0.09**	*0.00*	**0.11**	*0.01*	0.11	0.11	0.11	0.11	**0.11**	*0.00*
Total	**5.22**	***-0.08***	**5.05**	***-0.17***	**5.11**	**5.11**	**5.22**	**5.33**	**5.19**	***0.14***

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

OPEC crude oil production

According to available secondary sources to date, total **OPEC-13 crude oil production** averaged 25.46 mb/d in May 2021, up by 0.39 mb/d m-o-m. Crude oil output increased mainly in Saudi Arabia, Venezuela and IR Iran, while production decreased primarily in Nigeria and Angola.

OPEC crude oil production based on direct communication is shown in ***Table 5 – 10***.

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

Secondary sources	2019	2020	3Q20	4Q20	1Q21	Mar 21	Apr 21	May 21	Change May/Apr
Algeria	1,022	897	840	857	871	871	871	882	*12*
Angola	1,401	1,248	1,209	1,164	1,134	1,139	1,138	1,079	*-60*
Congo	324	289	287	273	271	274	267	256	*-11*
Equatorial Guinea	117	115	112	112	107	101	116	109	*-7*
Gabon	208	195	191	191	185	189	196	177	*-19*
IR Iran	2,356	1,987	1,948	2,001	2,206	2,328	2,413	2,455	*42*
Iraq	4,678	4,049	3,697	3,817	3,881	3,914	3,934	3,967	*33*
Kuwait	2,687	2,434	2,245	2,293	2,327	2,328	2,326	2,359	*32*
Libya	1,097	367	121	911	1,172	1,195	1,133	1,155	*23*
Nigeria	1,786	1,578	1,462	1,434	1,410	1,443	1,460	1,388	*-72*
Saudi Arabia	9,771	9,182	8,766	8,962	8,445	8,101	8,121	8,466	*345*
UAE	3,094	2,802	2,617	2,515	2,610	2,609	2,613	2,640	*28*
Venezuela	796	500	362	408	512	525	486	531	*45*
Total OPEC	**29,337**	**25,642**	**23,857**	**24,937**	**25,132**	**25,018**	**25,073**	**25,463**	***390***

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

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

Direct communication	2019	2020	3Q20	4Q20	1Q21	Mar 21	Apr 21	May 21	Change May/Apr
Algeria	1,023	899	843	862	874	870	867	891	*24*
Angola	1,373	1,271	1,253	1,186	1,136	1,138	1,177	1,125	*-52*
Congo	329	300	296	285	275	274	264	268	*4*
Equatorial Guinea	110	114	115	106	104	103	98	105	*7*
Gabon	218	207	201	178	183	183	184	171	*-13*
IR Iran	..	..	..	..	..	..	..	..	..
Iraq	4,576	3,997	3,625	3,796	3,846	3,865	3,930	3,879	*-51*
Kuwait	2,678	2,438	2,245	2,293	2,327	2,327	2,327	2,355	*28*
Libya	..	389	128	972	1,214	1,283	1,168	1,227	*59*
Nigeria	1,737	1,493	1,352	1,301	1,404	1,429	1,372	1,344	*-28*
Saudi Arabia	9,808	9,213	8,813	8,975	8,473	8,138	8,134	8,544	*410*
UAE	3,058	2,779	2,526	2,501	2,610	2,608	2,613	2,641	*28*
Venezuela	1,013	569	406	463	533	578	452	582	*130*
Total OPEC	..	..	..	..	..	..	..	..	..

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

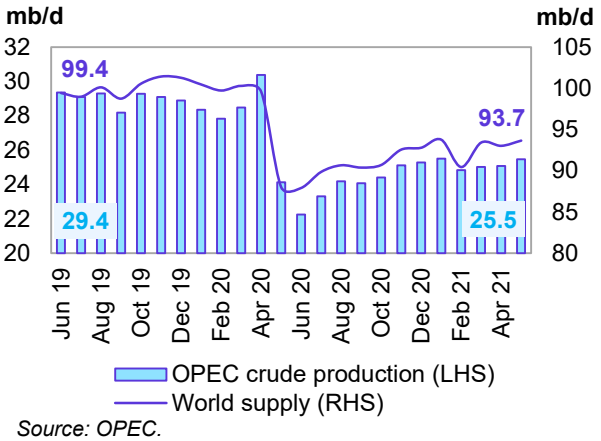
World oil supply

Preliminary data indicates that **global liquids production in May** increased by 0.63 mb/d to average 93.67 mb/d compared with the previous month, and was higher y-o-y by 5.63 mb/d.

Non-OPEC liquids production (including OPEC NGLs) in May was up by 0.24 mb/d m-o-m to average 68.21 mb/d, an increase of 4.30 mb/d y-o-y. Preliminary estimates also see increases in production in May 2020, mainly from the US, the UK, Brazil and Guyana.

The **share of OPEC crude oil in total global production** was up by 0.2% in May to 27.2% 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 - 26: OPEC and world oil supply



Source: OPEC.

Product Markets and Refinery Operations

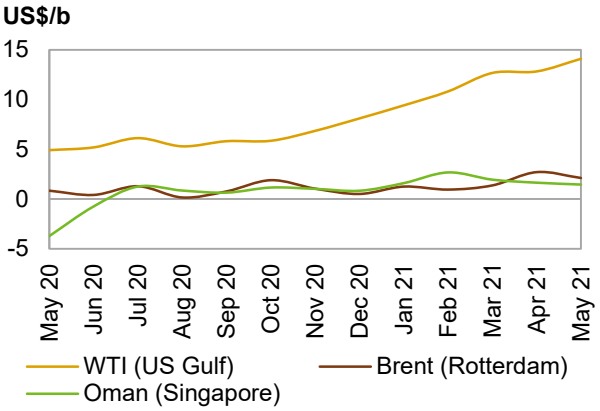
In May, refinery margins showed diverging trends. On the US Gulf Coast (USGC) margins increased, supported by unplanned refinery outages that limited a stronger recovery in run rates and kept the product outputs relatively supressed.

Margins in Europe and in Asia performed negatively as refining economics showed losses. Pressure came mainly from the top and bottom of the barrel, reflecting the growth in product availability following the maintenance season in Europe and constrained fuel consumption levels due to high case numbers of the new COVID-19 variant in Asia.

Refinery margins

USGC refining margins rose in May as product supply cuts and continued improvements in domestic mobility indicators helped support product markets. At least three USGC refiners that were operating below capacity following the Colonial Pipeline outage contributed to a relatively tighter product balance. However, these refineries resumed operations in May and restored normal production levels. In addition, severe rainstorms and floods affected run rates in at least four refineries in East Texas and Louisiana in mid-May, adding to the positive market sentiment in US product markets. US traffic indicators nearly reached pre-pandemic levels, which helped support gasoline consumption as domestic tourism continues to recover, and more service businesses and offices re-open. US refinery margins for WTI averaged $14.10/b in May, up by $1.27 m-o-m and by $9.18 y-o-y.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

Refinery margins in Europe declined and showed the strongest negative response compared to the other key regions as rising refinery run rates led to stronger product output in the region. This had a negative impact on product crack spreads, particularly of gasoline and fuel oil, despite the relaxation of lockdown measures. Meanwhile, European air travel rose to seven-month highs in the final week of May, with commercial flights having recovered to the highest level since early November 2020. Additional support came from the gasoil segment as strong industrial activity prompted significant gasoil drawdowns. Nonetheless, the strength provided by the middle distillate markets in the US was rather insufficient to offset the negative impact linked to weak regional demand at the top and bottom sections of the barrel, which was exacerbated by the rise in product output are refineries gradually returned from maintenance. Refinery margins for Brent in Europe averaged $2.13/b in May, down by 59¢ compared with a month earlier but up by $1.28 y-o-y.

In Asia, margins trended downwards for the second consecutive month, with most of the pressure coming from the top and bottom of the barrel, although crude processing rates in the region remained nearly flat. Ample product availability amid waning product import requirements from outside Asia as refiners are returning from major turnarounds prevented any upside in Asian product markets. Moreover, high infection rates for the new COVID-19 variant in India, Vietnam and Taiwan continued to exert pressure on mobility levels within the region and ultimately weighed on transport fuel consumption levels as well as crack spreads. In India, factory activity growth slowed significantly in May as a rise in COVID-19 cases suppressed new orders and output, while rising retail prices of gasoline and gasoil along with lockdowns dented fuel demand. A consumption tax imposed by China on imports of light-cycle oil and mixed aromatic – blending components of gasoil and gasoline, respectively – that takes effect 12 June is set to restrain the nation's rising gasoline and diesel exports. As a result, China's refineries are likely to increase run rates and domestic production of gasoil and gasoline in order to compensate for the reduction in light-cycle oil and mixed aromatics imports. Refinery margins for Oman in Asia lost 19¢ m-o-m to average $1.46/b in May, which was higher by $5.18 y-o-y.

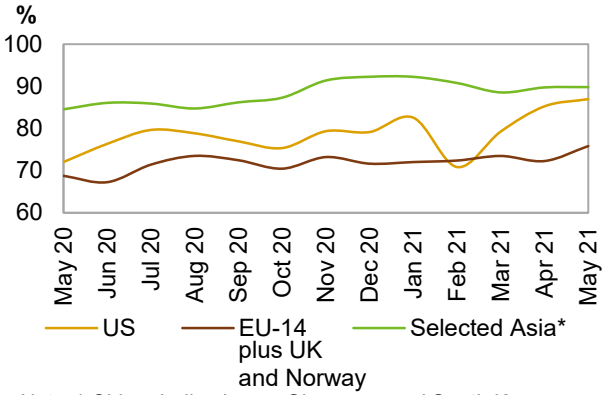
Refinery operations

US refinery utilization rates increased in May to average 86.91%, which corresponds to a throughput of 15.72 mb/d. This represented a rise of 1.7 pp and 220 tb/d, respectively, compared with the previous month. Y-o-y, the May refinery utilization rate was up by 14.9 pp, with throughputs showing a rise of 2.3 mb/d.

European refinery utilization averaged 75.81%, corresponding to a throughput of 9.12 mb/d. This is a m-o-m rise of 3.6 pp or 430 tb/d. On a y-o-y basis, utilization rates fell by 7.1 pp while throughput was up by 600 tb/d.

In **selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates rose, averaging 89.78% in May, corresponding to a throughput of 25.89 mb/d. Compared with the previous month, throughputs were up by 0.1 pp and by 20 tb/d. Meanwhile, y-o-y, they were up by 5.3 pp and by 1.8 mb/d.

Graph 6 - 2: Refinery utilization rates



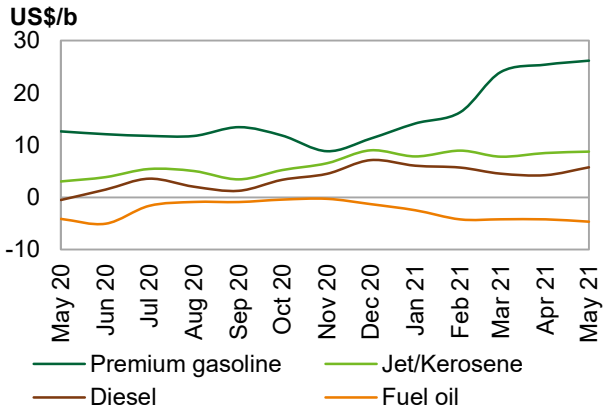
*Note: * China, India, Japan, Singapore and South Korea.*
Sources: Argus, EIA, Euroilstock, PAJ and OPEC.

Product markets

US market

US gasoline crack spreads trended upward for the sixth consecutive month in May and reached levels not seen since April 2019. This was mainly driven by strong inventory draws amid supressed refinery outputs due to unplanned outages. US gasoline prices continued to rise, and reached $91.34/b in May, encouraging refineries to maximise gasoline production. Rising margins have pushed the average retail cost of gasoline above $3 per gallon, its highest level since 2014. The effects of the Colonial Pipeline outages were evident with USGC gasoline stocks building by 5.7 mb, while US Atlantic Coast (USAC) stock levels declined by nearly 4.6 mb. Nonetheless, nationwide gasoline stocks reversed course and declined by almost 2 mb. US mobility indicators appear to have returned to pre-pandemic levels.

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



Sources: Argus and OPEC.

As refineries continue to return from turnaround season and refinery throughputs rise on the USGC, product markets could come under some pressure in the coming month. US gasoline crack spreads gained 76¢ m-o-m to average $26.16 in May, down by $13.54/b y-o-y.

The USGC jet/kerosene crack spreads continued to hold on to recent gains and trended slightly higher in line with steady improvement in domestic air travel, although business and international flights remain subdued. The improvement in jet/kerosene markets was likely limited by a nearly 2.0 mb build in stocks up to 28 May, as rising refinery intakes led to higher jet/kerosene availability and limited the upturn in crack spreads. Going forward, the conclusion of heavy maintenance works should pressure product markets, which could challenge the positive impact from projections of stronger air travel activity over summer. The US jet/kerosene crack spread against WTI averaged $8.75/b, up by 27¢ m-o-m, and by 5.72 y-o-y.

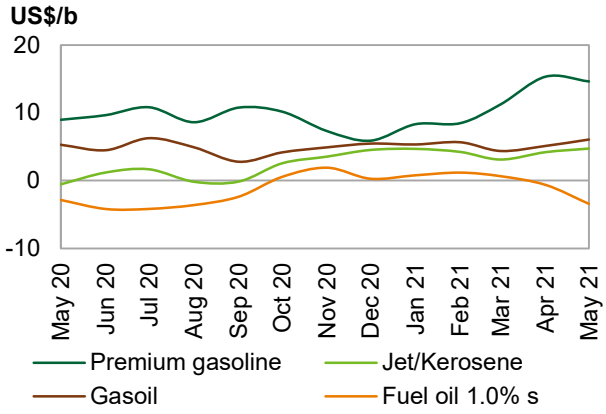
US gasoil crack spreads against WTI were supported by product stock draws, as they declined steadily over the first three weeks of May, and lost nearly 3.3 mb m-o-m. The improving US diesel demand picture has prompted an increase in larger vessel bookings, as the arbitrage window for European diesel barrels widened. The US gasoil crack spread against WTI averaged $5.76/b, up by $1.51 m-o-m and by $6.27 y-o-y.

US fuel oil crack spreads against WTI weakened, affected by a sustained surplus of international fuel oil supplies due to higher crude runs, although Coker margins appeared supportive in May. Going forward, the weakness in fuel oil markets could trigger additional fuel oil buying interest as secondary feedstock given the current gasoline pricing signals and the transport fuel optimism linked to the summer season. This should limit the fuel oil downturn in the near term. In May, the US fuel oil crack spread against WTI averaged minus $4.69/b, lower by 45¢ m-o-m and by 54¢ y-o-y.

European market

Gasoline crack spreads lost ground, pressured by stronger imports. Departures of European gasoline – particularly to the US – remained sustained, although gasoline bookings from other countries as well as transatlantic gasoline requirements fell significantly. Moreover, an announcement by the Russian government retracting the previously announced plans to ban gasoline exports accentuated the optimism in European gasoline markets. The gasoline crack spread against Brent averaged $14.65/b in May, down by 70¢ m-o-m but up by $5.66 y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Sources: Argus and OPEC.

Jet/kerosene crack spreads against Brent increased over the month. European air travel rose to a seven-month high in the final week of May, with commercial flights recovering to the highest level since early November 2020. Travel restrictions in Italy have eased, leading to an increase in flight capacity, while overall Eastern and Western Europe air traffic capacity rose. The Rotterdam jet/kerosene crack spread against Brent averaged $4.72/b, up by 53¢ m-o-m and by $5.28 y-o-y.

Gasoil crack spreads performed positively over the month, supported by solid demand recovery across the region, strengthening industrial performance and gradual removal of mobility restrictions. Furthermore, onshore gasoil stocks in the ARA region have been declining gradually since February and nearly reached historical lows for May. Global commerce dynamics also likely contributed to diesel's recent strength amid softer volume arrivals from Asia and the Middle East. The gasoil crack spread against Brent averaged $6.07/b, which was higher by 95¢ m-o-m and by 78¢ y-o-y.

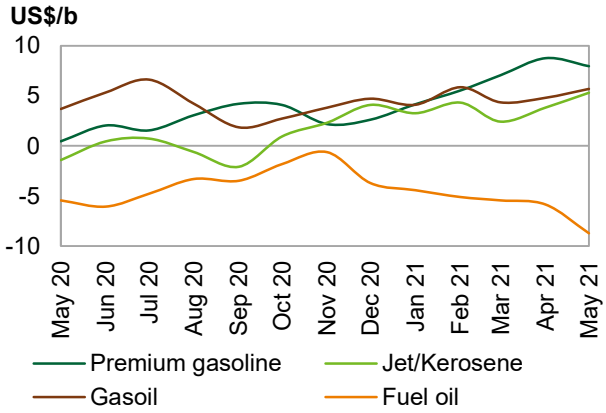
At the bottom of the barrel, **fuel oil 1.0% crack spreads** continued to trend downwards, affected by a reduction in volume requirements from the Middle East while imports remained flat. This resulted in stronger fuel oil availability in the region and was exacerbated by the return of distillation capacity in Europe following peak turnarounds. In Europe, fuel oil cracks averaged minus $11.28/b in May, having lost $2.71 m-o-m and $3.38 y-o-y.

Asian market

The **Asian gasoline 92-crack spread** suffered losses as gasoline sales in India collapsed to the lowest level in a year as a devastating wave of COVID-19 infections supressed consumption. Average daily sales in May declined by almost one-fifth from the previous month as strict stay-at-home measures across large parts of the country crippled demand. While the situation in India has gained attention, Vietnam, Taiwan and other countries have seen local mobility levels decline as COVID-19 countermeasures were reintroduced.

The Singapore gasoline crack spread against Oman in May averaged $7.97/b, down by 80¢ m-o-m but up by $7.51 y-o-y.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

Asia naphtha crack spreads weakened and entered negative territory, affected by a sharp widening of the gasoline/naphtha spread to a 13-month high. Seasonal naphtha demand is relatively low due to regular steam cracker maintenance and has been further pressured by an unexpected slowdown of PTTGC's Mab Ta Phut steam crackers in Thailand due to problems with power supply, according to Argus Media. Japan has increasingly been importing naphtha over the last few months, with February and March imports averaging around 140 tb/d (35% higher than in 2020), and over 100 tb/d in May (27% higher than a year earlier). Going forward, Asian naphtha markets are expected to remain well supported by the petrochemical industry with the conclusion of steam cracker maintenance. The Singapore naphtha crack spread against Oman averaged minus 47¢/b, having increased slightly by 5¢ m-o-m, and by $3.39 y-o-y.

In the middle of the barrel, the **jet/kerosene crack spreads** in Asia gained some ground with support from continued regional requirements for domestic air travel, mainly in China. However, the majority of international flights remain suspended due to prolonged border restrictions amid outbreaks of the new COVID-19 variant in many parts of Asia, while business travel is still being avoided as much as possible. Jet fuel supplies in the region are limited as refiners have kept a cap on production due to weaker refining margins. The end of winter in Northeast Asia and subsequent decline in kerosene consumption for heating could weigh further on jet/kerosene markets in the near term. The Singapore jet/kerosene crack spread against Oman averaged $5.30/b, up by $1.48 m-o-m and $6.71 y-o-y.

The Singapore **gasoil crack spreads** moved higher as well with a strong rise in exports of gasoil/ diesel from the region's largest exporters such as India, China, South Korea and Taiwan. Japan, where a lack of local demand has resulted in a considerable build in diesel stocks, faces challenges placing barrels in export markets. The Singapore gasoil crack spread against Oman averaged $5.70/b, up by 89¢/b m-o-m and up by $2.01 y-o-y.

The Singapore **fuel oil 3.5% crack spreads** continued to trend downwards, affected by stronger crude intake levels, which had an adverse effect on fuel oil prices and resulted in weaker cracks. A seasonal uptick in requirements from the power generation sector in the coming months should limit this downside in the near term. Singapore fuel oil cracks against Oman averaged minus $8.71/b, down by $2.87 m-o-m and by $3.28 y-o-y.

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

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

Source: OPEC.

Table 6 - 2: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				*Refinery utilization, %*			
	Mar 21	Apr 21	May 21	Change May/Apr	Mar 21	Apr 21	May 21	Change May/Apr
US	**14.57**	**15.50**	**15.72**	**0.22**	**79.23**	**85.20**	**86.91**	**1.7 pp**
Euro-14, plus UK and Norway	**8.84**	**8.69**	**9.12**	**0.43**	**73.46**	**72.25**	**75.81**	**3.6 pp**
France	0.61	0.60	0.67	0.06	53.00	52.39	57.92	5.5 pp
Germany	1.55	1.66	1.72	0.07	75.65	80.67	84.00	3.3 pp
Italy	1.18	1.14	1.24	0.10	61.84	59.74	65.04	5.3 pp
UK	0.70	0.72	0.77	0.06	60.02	61.21	66.03	4.8 pp
Selected Asia*	**25.52**	**25.86**	**25.89**	**0.02**	**88.51**	**89.70**	**89.78**	**0.1 pp**

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

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

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

Refinery crude throughput	2018	2019	2020	2Q20	3Q20	4Q20	1Q21	2Q21
OECD Americas	**19.31**	**18.96**	**16.54**	**15.31**	**16.35**	**16.24**	**16.21**	**17.84**
of which US	*17.31*	*16.99*	*14.72*	*13.65*	*14.55*	*14.32*	*14.12*	*15.78*
OECD Europe	**12.17**	**12.13**	**10.64**	**9.90**	**10.65**	**10.39**	**10.18**	**10.32**
of which:								
France	*1.10*	*1.00*	*0.67*	*0.58*	*0.76*	*0.71*	*0.58*	*0.66*
Germany	*1.80*	*1.78*	*1.72*	*1.69*	*1.72*	*1.67*	*1.58*	*1.67*
Italy	*1.35*	*1.35*	*1.11*	*0.99*	*1.15*	*1.08*	*1.06*	*1.19*
UK	*1.06*	*1.08*	*0.92*	*0.81*	*0.87*	*0.89*	*0.75*	*0.75*
OECD Asia Pacific	**6.98**	**6.79**	**5.89**	**5.53**	**5.50**	**5.88**	**5.77**	**5.52**
of which Japan	*3.11*	*3.02*	*2.48*	*2.23*	*2.25*	*2.51*	*2.50*	*2.57*
Total OECD	**38.46**	**37.88**	**33.07**	**30.74**	**32.49**	**32.52**	**32.16**	**33.69**
Latin America	**4.31**	**4.11**	**3.21**	**2.65**	**3.24**	**3.22**	**3.29**	**3.31**
Middle East	**6.97**	**6.83**	**6.02**	**5.42**	**6.24**	**6.37**	**6.46**	**6.52**
Africa	**2.16**	**2.16**	**2.04**	**1.87**	**1.94**	**2.07**	**2.15**	**2.16**
India	**4.89**	**5.04**	**4.42**	**3.86**	**4.00**	**4.73**	**4.93**	**4.80**
China	**12.03**	**13.02**	**13.48**	**13.76**	**14.00**	**14.14**	**14.12**	**14.24**
Other Asia	**5.18**	**4.95**	**4.54**	**4.15**	**4.11**	**4.47**	**4.73**	**4.76**
Russia	**5.72**	**5.70**	**5.39**	**5.10**	**5.28**	**5.29**	**5.55**	**5.62**
Other Eurasia	**1.32**	**1.30**	**1.14**	**1.05**	**1.12**	**1.26**	**1.15**	**1.22**
Other Europe	**0.63**	**0.62**	**0.49**	**0.43**	**0.46**	**0.50**	**0.46**	**0.52**
Total Non-OECD	**43.22**	**43.73**	**40.73**	**38.29**	**40.39**	**42.05**	**42.83**	**43.14**
Total world	**81.68**	**81.60**	**73.79**	**69.03**	**72.88**	**74.57**	**74.99**	**76.83**

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

		Apr 21	May 21	Change May/Apr	Annual avg. 2020	Year-to-date 2021
US Gulf (Cargoes FOB)						
Naphtha*		62.39	65.37	2.98	38.31	62.60
Premium gasoline	(unleaded 93)	87.11	91.34	4.23	51.89	81.28
Regular gasoline	(unleaded 87)	82.91	86.12	3.21	47.72	77.50
Jet/Kerosene		70.19	73.93	3.74	46.83	68.44
Gasoil	(0.2% S)	65.96	70.94	4.98	44.92	65.35
Fuel oil	(3.0% S)	56.04	56.56	0.52	34.72	53.58
Rotterdam (Barges FoB)						
Naphtha		61.70	65.58	3.88	39.00	61.45
Premium gasoline	(unleaded 98)	79.81	83.11	3.30	51.34	74.70
Jet/Kerosene		68.65	73.18	4.53	45.72	67.27
Gasoil/Diesel	(10 ppm)	69.58	74.53	4.95	49.17	68.40
Fuel oil	(1.0% S)	63.84	65.03	1.19	40.87	62.81
Fuel oil	(3.5% S)	57.38	58.46	1.08	37.71	56.10
Mediterranean (Cargoes FOB)						
Naphtha		60.82	64.72	3.90	37.58	60.58
Premium gasoline**		74.64	77.43	2.79	45.41	70.30
Jet/Kerosene		66.44	71.03	4.59	43.06	65.05
Diesel		68.92	73.84	4.92	48.55	67.83
Fuel oil	(1.0% S)	65.31	66.22	0.91	43.54	64.02
Fuel oil	(3.5% S)	54.41	56.01	1.60	33.31	53.41
Singapore (Cargoes FOB)						
Naphtha		62.40	65.94	3.54	40.66	62.21
Premium gasoline	(unleaded 95)	73.94	76.11	2.17	46.59	70.27
Regular gasoline	(unleaded 92)	71.69	74.38	2.69	44.99	68.56
Jet/Kerosene		66.74	71.71	4.97	44.75	65.69
Gasoil/Diesel	(50 ppm)	68.73	73.67	4.94	49.19	67.89
Fuel oil	(180 cst)	67.40	71.90	4.50	47.86	66.58
Fuel oil	(380 cst 3.5% S)	57.08	57.70	0.62	36.75	55.97

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

Sources: Argus and OPEC.

Tanker Market

Dirty tanker rates saw mixed movement in May, although they remain at low levels. The improving US market supported rates on the UK-US route, while very low rates on the Mideast-Asia Pacific route edged up amid anticipation of the end of seasonal maintenance. Meanwhile, clean rates were largely steady, with rates on the UK to US Atlantic Coast boosted earlier in the month, supported by disruptions on the Colonial Pipeline. There has been a slight improvement in sentiment regarding the outlook for dirty tanker rates in 2H21, although scrapping will need to pick up to better balance ample tonnage supply with slightly improving cargo demand.

Spot fixtures

Global spot fixtures declined m-o-m in May, falling by 1.3 mb/d, or around 8%, to average 14.7 mb/d. Spot fixtures were around 2.2 mb/d, or 13%, lower than the same month last year. A pickup in departures to China helped support fixtures, although uncertainties due to lockdown measures in other Asian countries undercut further gains.

Table 7 - 1: Spot fixtures, mb/d

Sailings	Mar 21	Apr 21	May 21	*Change* May 21/Apr 21
All areas	16.12	16.02	14.70	-1.32
OPEC	10.44	10.16	10.02	-0.14
Middle East/East	6.02	5.23	6.17	0.94
Middle East/West	0.70	1.19	0.85	-0.34
Outside Middle East	3.72	3.74	3.00	-0.74

Sources: Oil Movements and OPEC.

OPEC spot fixtures edged lower m-o-m in May, down by 0.1 mb/d, or a little over 1%, to average 10.0 mb/d. Higher flows to China were offset by lower volumes to Japan and India amid renewed lockdown measures. Compared with the same month last year, OPEC spot fixtures were around 9% lower, down by 0.9 mb/d.

Fixtures from the **Middle East-to-East** provided the one bright note for the month, averaging 6.2 mb/d in May, representing an increase of 18% m-o-m or 0.9 mb/d. Gains were driven by increased inflows from the region to China, with the winding down of seasonal maintenance. Y-o-y, the route saw a decline of 0.7 mb/d, or just under 10%.

Middle East-to-West fixtures declined 29%, or around 0.3 mb/d m-o-m, to average around 0.9 mb/d. The decrease was due to lower buying in the Eastern Mediterranean which offset increased flows to Italy. This was almost 0.2 mb/d, or 18%, lower than in the same month last year.

Outside Middle East fixtures fell by more than 0.7 mb/d, or close to 20% m-o-m, to average 3.0 mb/d. Y-o-y, fixtures were down by just over 4%, or around 0.1 mb/d.

Sailings and arrivals

OPEC sailings were broadly unchanged in May from the previous month, averaging 21.4 mb/d. Y-o-y, OPEC sailings were slightly lower, down 0.1 mb/d, or less than 1%.

Middle East sailings picked up m-o-m in May to average 15.7 mb/d. This represents a gain of 0.4 mb/d m-o-m or around 3%. Y-o-y, sailings from the region increased 1.3 mb/d, or 9%, compared with the same month last year.

With the exception of West Asia, **crude arrivals** were higher m-o-m on all routes in May. Arrivals in North America averaged 8.5 mb/d, representing a gain of 0.2 mb/d m-o-m, or around 2%, and a 0.7 mb/d, or over 8% increase y-o-y. Arrivals in the Far East averaged 12.6 mb/d, an increase of 0.2 mb/d, or around 1% m-o-m, and a massive 4.3 mb/d, or 53%, higher than the same month last year. Arrivals in West Asia saw the sole m-o-m decline, falling 0.2 mb/d, or close to 3%, to average 6.3 mb/d. Y-o-y, West Asia arrivals were 1.7 mb/d, or 37%, higher.

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

Sailings	Mar 21	Apr 21	May 21	Change May 21/Apr 21
OPEC	21.36	21.33	21.36	0.03
Middle East	15.45	15.31	15.74	0.43
Arrivals				
North America	8.06	8.35	8.50	0.15
Europe	11.88	11.85	12.00	0.15
Far East	11.87	12.41	12.56	0.15
West Asia	6.21	6.44	6.26	-0.18

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

VLCC spot rates in May were broadly flat on average compared to the previous month, but were some 40% lower compared with the same month last year.

Rates on the **Middle East-to-East** ticked up 3% m-o-m to average WS34 points, supported by flows to China ahead of the end of seasonal maintenance. Gains were tempered by lower flows to India and Japan, amid uncertainties due to renewed lockdown measures. Y-o-y, rates were 43% below the same month last year.

Rates on the **Middle East-to-West** route was unchanged on average m-o-m in May at WS22 points, amid steady buying by Italy. Y-o-y, rates were 35% lower.

Meanwhile, the **West Africa-to-East** route showed gains of 3% m-o-m in May, averaging WS36, amid higher buying by China. Rates were 38% lower compared with May 2020.

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

VLCC	Size *1,000 DWT*	Mar 21	Apr 21	May 21	Change May 21/Apr 21
Middle East/East	230-280	30	33	34	1
Middle East/West	270-285	21	22	22	0
West Africa/East	260	35	35	36	1

Sources: Argus and OPEC.

Suezmax

Suezmax rates continued to slide in May, declining 13%. Compared with the same month last year, average Suezmax rates were 42% lower.

On the **West Africa-to-USGC** route, rates averaged WS46, a decline of 13% compared to the month before. Y-o-y, rates were 39% lower than in April 2020.

Meanwhile, spot freight rates on the **USGC-to-Europe** route fell 11% m-o-m to average WS39 points. This was 45% lower compared with the same month last year.

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

Suezmax	Size *1,000 DWT*	Mar 21	Apr 21	May 21	Change May 21/Apr 21
West Africa/US Gulf Coast	130-135	62	53	46	-7
US Gulf Coast/ Europe	150	59	44	39	-5

Sources: Argus and OPEC.

Aframax

Aframax rates recovered some of the decline seen in the previous month, rising 4% m-o-m in May. This was still 22% lower than the same month last year.

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

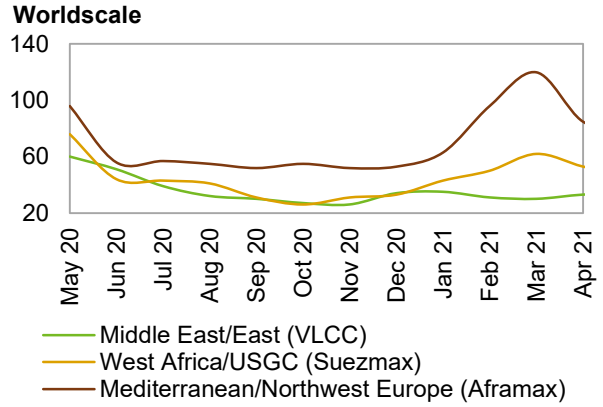
Aframax	Size 1,000 DWT	Mar 21	Apr 21	May 21	Change May 21/Apr 21
Indonesia/East	80-85	89	81	84	3
Caribbean/US East Coast	80-85	136	90	103	13
Mediterranean/Mediterranean	80-85	124	86	87	1
Mediterranean/Northwest Europe	80-85	120	85	78	-7

Sources: Argus and OPEC.

The biggest gains were seen on the **Caribbean-to-USEC** route, which rose 14% m-o-m to average WS103. Y-o-y, rates on the route were 16% lower.

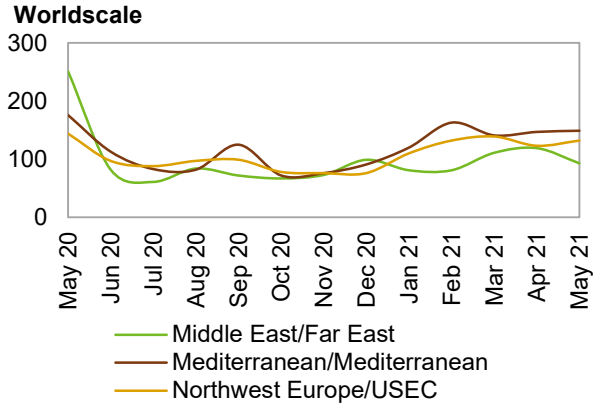
Med routes also experienced diverse movements m-o-m in May. The **Cross-Med** route averaged WS87 in May, representing an increase of 1% over the previous month. Compared to the same month last year, rates were 17% lower. In contrast, the **Mediterranean-to-Northwest Europe (NWE)** route declined 8% m-o-m in May to average WS78. Compared to the same month last year, rates on the route were 19% lower.

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 slipped lower in May, declining 2% with losses East of Suez offsetting lesser gains West of Suez. Rates to the east declined 11% m-o-m, while rates to the west rose 3% over the same period. Compared to the same month last year, East of Suez rates were 52% lower while West of Suez rates were down 13%.

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

East of Suez	Size 1,000 DWT	Mar 21	Apr 21	May 21	Change May 21/Apr 21
Middle East/East	30-35	111	119	93	-26
Singapore/East	30-35	146	147	146	-1
West of Suez					
Northwest Europe/US East Coast	33-37	139	123	132	9
Mediterranean/Mediterranean	30-35	141	147	149	2
Mediterranean/Northwest Europe	30-35	150	157	159	2

Sources: Argus and OPEC.

The **Middle East-to-East** route led losses in May, declining 22% to average WS93. The decline came amid uncertainty due to renewed lockdown measures in Japan. This represented a 63% decrease compared with the same month last year. A similar dynamic drove the m-o-m decline in clean freight rates on the **Singapore-to-East** route, which slipped 1% in May to average WS146. Rates were 40% lower compared with May 2020.

In contrast, the **Cross-Med** and **Med-to-NWE** routes saw gains, increasing by 1% each, to average WS149 and WS159 points, respectively. Rates on the **NWE-to-USEC** route experienced the biggest gains m-o-m, up 7%, to average WS132 points. Rates were 8% lower compared with the same month last year.

Crude and Refined Products Trade

Preliminary data shows US crude imports rose 0.2 mb/d m-o-m in May to average 6.0 mb/d, the highest in 11 months. US crude exports dipped again, averaging 2.8 mb/d in May, amid lower buying from the Asian region. US product imports showed a strong performance in May, averaging 2.8 mb/d, the highest since 2011, driven by European flows as well as a dislocations caused by an outage on the main product pipeline serving the US East Coast. With the start of the driving season and a pickup in economic activity, US crude and product trade flows will provide key support for the market in the coming months, together with OECD Europe.

Tracking data shows a steady increase in OECD Europe crude imports from February onward and declining crude exports amid lower production and improving demand in 2Q21 as lockdown measures ease.

Japan's crude imports hit a 13-month high in May, averaging 2.7 mb/d. Product imports were relatively steady m-o-m averaging 1.0 mb/d, with the decline in kerosene offsetting gains in most major products. A series of refinery outages in May is likely to boost product imports while dampening crude imports and product exports.

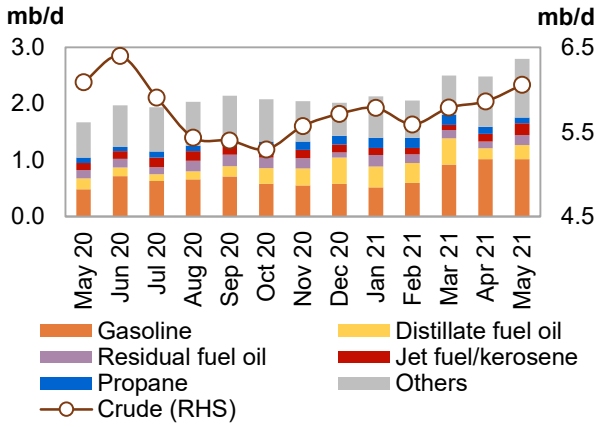
As forecast, China's crude imports dropped to just below 10 mb/d in May, amid planned refinery maintenance, with a further decline in May to a five-month low of 9.65 mb/d seen in preliminary data. China's crude imports are expected to remain low in 2Q21, before picking up again in 3Q21. Stricter oversight of refinery activities and the end of a tax loophole is likely to weigh on both product imports and exports in the coming months.

Meanwhile, India's crude imports recovered from a five-month low in May to average 4.5 mb/d. A vicious surge in COVID-19 cases which reached record levels in mid-May will likely weigh on demand for crude imports for that month and June, with local refiners expecting the situation to improve in July. Constrained domestic consumption could free up product for exports over the period.

US

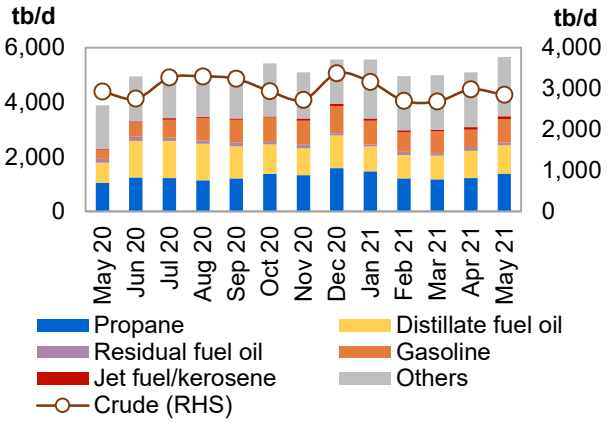
Preliminary data shows that **US crude imports** rose 0.2 mb/d m-o-m, or more than 3%, in May to average 6.1 mb/d, representing an 11-month high. Imports have steadily risen since October 2020, with the exception of February 2021 when disruptions caused by the severe winter weather disrupted trade flows. Compared to the same month last year, crude imports were broadly flat, at less than 1% lower.

Graph 8 - 1: US imports of crude and products



Sources: EIA and OPEC.

Graph 8 - 2: US exports of crude and products



Sources: EIA and OPEC.

US crude exports averaged 2.8 mb/d in May, falling back after registering just under 3.0 mb/d the month before. M-o-m, crude outflows were lower by 0.1 mb/d, or around 5%. Compared to the same month last year, crude exports were less than 0.1 mb/d lower, or down around 3%.

The latest monthly data for **US crude exports by destination** shows generally lower flows with mixed movement across the regions. The Netherland's purchases of US crude averaged 0.2 mb/d in March, down from 0.4 mb/d the month before, while exports to India fell 0.1 mb/d to 0.3 mb/d. On the positive side, US crude

exports to Taiwan jumped 0.3 mb/d from 30 tb/d the month before, while exports to South Korea rose by 0.2 mb/d to 0.4 mb/d.

US net crude imports averaged 3.2 mb/d in May, compared to 2.9 mb/d the month before and 3.2 mb/d in the same month last year.

On the product side, preliminary data shows **US product imports** enjoyed a strong performance in May, averaging 2.8 mb/d, the highest since 2011. This represents an increase of 0.3 mb/d or 13% m-o-m and a gain of 1.1 mb/d over the same month last year. The high levels were supported by an outage on the Colonial Pipeline which transports petroleum products from the US Gulf Coast to the US Northeast. The disruption of the 2.5 mb/d pipeline triggered increased imports from Europe to the US Atlantic Coast to help make up the sudden shortfall.

US product exports also showed a strong performance in May, averaging 5.7 mb/d, representing an almost 11% increase m-o-m and building on similar gains in the previous month. Y-o-y, product exports were a massive 1.8 mb/d, or 45%, higher, reflecting the extreme impact of COVID-19 disruptions seen in May 2020.

As a result, **US net product exports** averaged 2.8 mb/d in May, compared with 2.6 mb/d the month before and 2.2 mb/d in May 2020.

Preliminary data indicates that the US remained a **net crude and product importer** in May, with net inflows of close to 0.4 mb/d. This compares with net imports of almost 0.3 mb/d the month before and 0.9 mb/d in May 2020.

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

US	Mar 21	Apr 21	May 21	Change May 21/Apr 21
Crude oil	3,102	2,880	3,212	332
Total products	-2,493	-2,582	-2,812	-229
Total crude and products	**609**	**298**	**401**	**103**

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

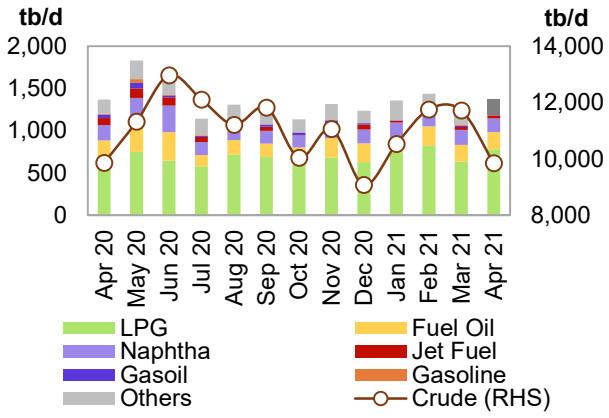
Sources: EIA and OPEC.

China

China's crude oil imports averaged 9.8 mb/d in April, representing a considerable drop of 1.9 mb/d or 16% m-o-m, reflecting the onset of seasonal refinery maintenance. Crude flows into China are expected to remain low throughout 2Q21 before picking up again in 3Q21. Preliminary data shows crude imports averaging 9.7 mb/d in May. Compared to the same month last year, crude imports in April were just 18 tb/d or less than 1% lower.

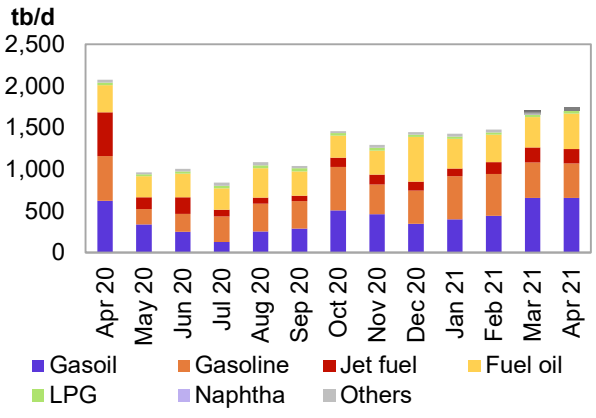
In terms of **crude imports by source**, Saudi Arabia remained in the top position in April, with a share of 16%. Russia came in second with just under 16% followed by Iraq and Oman with 11% and 9%, respectively.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

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



Sources: China, Oil and Gas Petrochemicals and OPEC.

Product imports recovered some of the losses seen in the previous month, rising 0.1 mb/d or 9% m-o-m to average almost 1.4 mb/d in April. Gains were seen primarily in LPG inflows, sufficiently offsetting declines

across most major products. The April 2021 figures for product imports exactly match those seen in the same month a year ago.

China's **product exports** continued moving higher, reaching an 11-month high of 1.7 mb/d, driven by a good performance in jet fuel and diesel. Compared to the previous month, product outflows edged 39 tb/d, or 2%, higher. Y-o-y, product exports declined 0.3 mb/d or 16%, due to lower outflows of gasoline, jet fuel and LPG.

Taken together, China's **net product exports** averaged 0.4 mb/d in April. This compares to net exports of close to 0.5 mb/d the month before and net imports of 0.9 mb/d in the same month last year.

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

China	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
Crude oil	11,673	11,710	9,847	-1,863
Total products	-38	-450	-371	79
Total crude and products	**11,635**	**11,261**	**9,476**	**-1,784**

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

Sources: China, Oil and Gas Petrochemicals and OPEC.

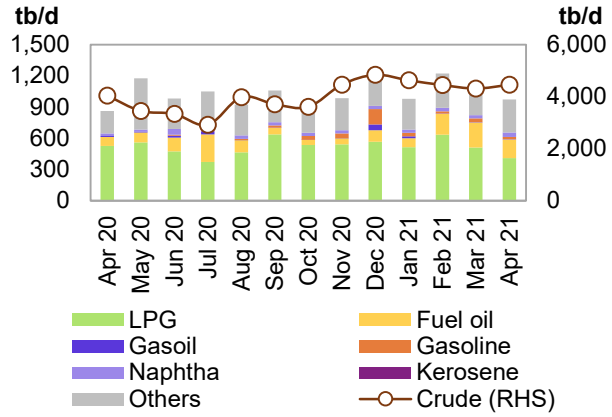
India

India's crude imports rebounded in April from the previous month's loss to average 4.5 mb/d. This was ahead of the peak of the second COVID-19 wave in mid-May, which will undoubtedly dampen crude imports in subsequent months. Crude inflows were up 0.1 mb/d or 3% from the previous month. Compared to the same month last year, crude imports rose 0.4 mb/d or 10%.

Product imports declined for the second month, averaging just under 1.0 mb/d. Declines were seen across most major products, although naphtha managed an increase. The total figures represent close to a 0.2 mb/d, or 13%, decline m-o-m, but a 0.1 mb/d, or 13% gain, y-o-y.

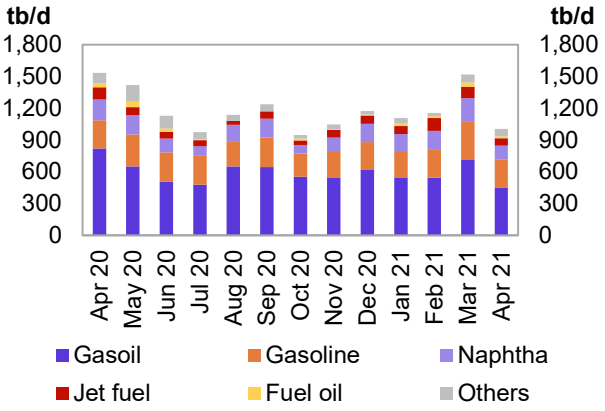
Product exports fell back from the strong performance enjoyed in the previous month, down almost 34% or 0.5 mb/d to average 1.0 mb/d in April, the lowest in six months. While gasoil showed the biggest decline, all major products showed losses. Y-o-y, product exports were lower by 0.5 mb/d or 35%.

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



Sources: PPAC and OPEC.

Graph 8 - 6: India's exports of products



Sources: PPAC and OPEC.

India was a marginal **net product exporter** in April, with net outflows of just 31 tb/d. This compares to net exports of 0.4 mb/d in the previous month and 0.7 mb/d in April 2020.

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

India	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
Crude oil	4,446	4,312	4,454	142
Total products	68	-397	-31	366
Total crude and products	**4,514**	**3,915**	**4,423**	**509**

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.

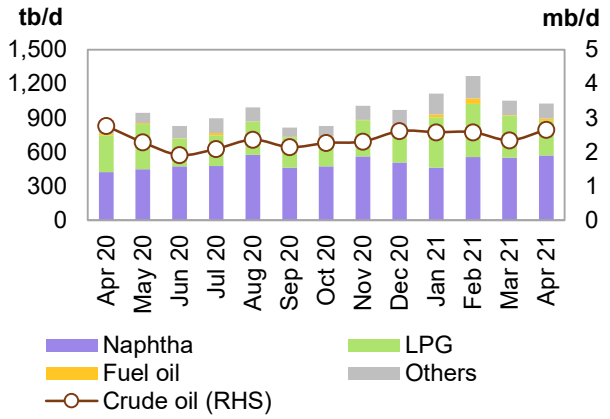
Sources: PPAC and OPEC.

Japan

Japan's crude imports rebounded in April from the previous month's dip. Crude inflows averaged almost 2.7 mb/d in April, a gain of 0.3 mb/d, or 13%, m-o-m, and a decline of 0.1 mb/d, or 4%, y-o-y.

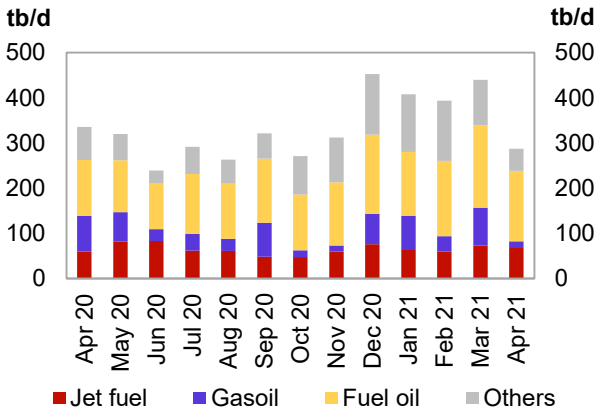
The UAE was the **top supplier of crude** to Japan in April, with a share of 39%. Saudi Arabia was second, followed by Qatar and Kuwait, with shares of 34%, 10% and 8%, respectively.

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



Sources: METI and OPEC.

Graph 8 - 8: Japan's exports of products



Sources: METI and OPEC.

Product imports including LPG slipped further m-o-m in April, to average 1.0 mb/d, dropping just 26 tb/d or 3% from the month before. Compared to the previous year, product inflows into Japan were around 0.2 mb/d, or 17%, higher.

Product exports including LPG fell 35% or around 0.2 mb/d m-o-m in April to average 0.3 mb/d, with losses seen across all major categories. This represents a 48 tb/d, or 14%, decline y-o-y.

As a consequence, Japan's **net product imports** averaged 0.7 mb/d in April, compared to 0.6 mb/d in the previous month and 0.5 mb/d in April 2020.

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

Japan	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
Crude oil	2,580	2,344	2,653	309
Total products	876	612	739	127
Total crude and products	**3,455**	**2,956**	**3,392**	**436**

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

Sources: METI and OPEC.

OECD Europe

The most recent official data shows OECD Europe **crude imports** declined m-o-m by almost 1.0 mb/d in February to average 6.8 mb/d. Compared to the same month last year, crude inflows declined 2.2 mb/d or 17%.

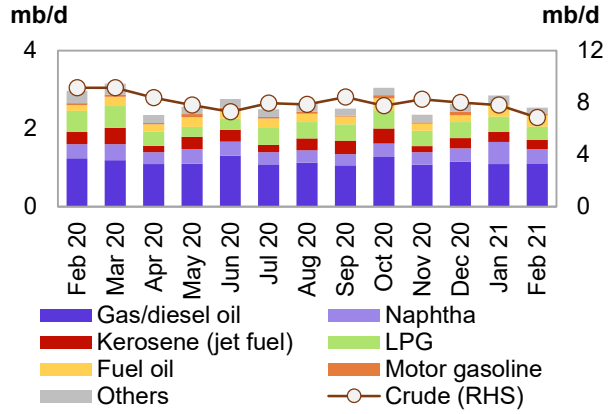
Crude exports to the OECD Europe averaged 0.6 mb/d, falling back from a 15-year high the month before, as flows to Asia declined ahead of seasonal refinery maintenance. Y-o-y, crude inflows edged up 56 tb/d m-o-m, or almost 10%.

As a result, **net crude imports** averaged almost 6.2 mb/d in February, down from 7.0 mb/d the month before and 8.6 mb/d in the same month of 2020.

On the **product** side, **imports** declined, averaging 2.5 mb/d, representing a loss of 0.3 mb/d, or almost 11%. The drop was mainly driven by naphtha, while motor gasoline and diesel registered gains. Y-o-y, OECD Europe product inflows were sharply lower, down 2.2 mb/d, or 25%.

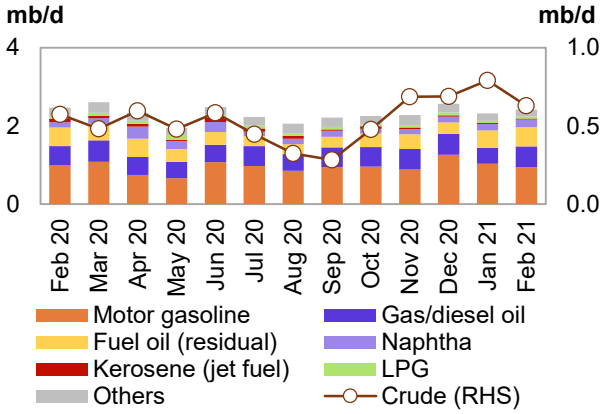
Product exports recovered partly from the decline seen the month before, averaging 2.4 mb/d. This represents a gain of 0.1 mb/d or over 4% from the previous month, driven by primarily by diesel.

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



Sources: IEA and OPEC.

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



Sources: IEA and OPEC.

As a result, **net product imports** averaged 0.1 mb/d in February, compared to 0.5 mb/d the month before and just under 0.5 mb/d in February 2020.

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

OECD Europe	Dec 20	Jan 21	Feb 21	*Change* Feb 21/Jan 21
Crude oil	7,310	7,011	6,209	-802
Total products	71	532	117	-415
Total crude and products	**7,381**	**7,543**	**6,326**	**-1,217**

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

Sources: IEA and OPEC.

Combined, **net crude and product imports** averaged 6.3 mb/d in February, compared to 7.5 mb/d the month before and 9.0 mb/d in February 2020.

Eurasia

Total crude oil exports from Russia and Central Asia rose 0.3 mb/d, or 5% in April, to average 6.3 mb/d. Y-o-y, total crude exports from the region were 1.2 mb/d, or 16%, lower.

Crude exports through the **Transneft system** also saw m-o-m gains, increasing 0.3 mb/d or 8% to average 3.6 mb/d. Compared to the same month last year, exports were 0.8 mb/d, or 19% lower.

For April, total shipments from the Black Sea edged up 6 tb/d m-o-m, or just under 2%, to average 418 tb/d. Baltic Sea exports saw a stronger gain of 0.2 mb/d m-o-m, or 16%, to average 1.1 mb/d, with shipments from Primorsk up 7% to 640 tb/d and Ust-Luga exports increasing 31% to 452 tb/d. Meanwhile, shipments via the Druzhba pipeline edged up 17 tb/d m-o-m, or around 3%, to average 714 tb/d. Kozmino shipments increased 4% to average 0.7 mb/d. Exports to China via the ESPO pipeline rose by more than 9% m-o-m to average 0.6 mb/d.

In the **Lukoil system**, exports via the Barents Sea increased 18% to average 0.1 tb/d in April, while those from the Baltic Sea were marginally lower.

On other routes, **Russia's Far East** exports rose 3% m-o-m in April to average almost 0.4 mb/d. This was around 7% lower compared with the same month last year.

Central Asia's total exports averaged 0.2 mb/d in April, a gain of about 6% compared with the month before but 3% lower y-o-y.

Black Sea total exports edged slightly higher to average 1.4 mb/d in April, with both Novorossiyk and Supsa contributing to the gains. Y-o-y, Black Sea flows were 0.1 mb/d, or 7% lower. Meanwhile, exports via the **Baku-Tbilisi-Ceyhan (BTC) pipeline** declined 3% m-o-m to 0.6 mb/d, representing a drop of 24% y-o-y.

Total product exports from Russia and Central Asia declined 1% m-o-m to average 3.1 mb/d in April. M-o-m declines were seen in fuel oil, gasoil and gasoline, while naphtha, jet fuel and VGO saw gains. Y-o-y, total product exports increased 105 tb/d, or 4%, in April, with higher outflows of fuel oil and gasoline compensating for a sharp fall in gasoil.

Commercial Stock Movements

Preliminary April data sees total OECD commercial oil stocks down by 6.4 mb m-o-m. At 2,962 mb, they were 159.9 mb lower than the same time one year ago, 25.2 mb lower than the latest five-year average, but around 34 mb above the 2015-2019 average. Within the components, crude stocks were lower by 13.6 mb, while products stocks rose m-o-m by 7.2 mb. At 1,475 mb, OECD crude stocks stood 35.8 mb below the latest five-year average and 8.3 mb below the 2015-2019 average. At 1,487 mb, OECD product stocks exhibited a surplus of 10.7 mb over the latest five-year average and were 42.6 mb above the 2015-2019 average.

In terms of days of forward cover, OECD commercial inventories in April declined m-o-m by 0.9 days to stand at 66.0 days. This is 12.3 days lower than the year-ago level, some 0.5 days above the latest five-year average and 3.9 days above the 2015-2019 average.

Preliminary data for May showed that total US commercial oil stocks fell m-o-m by 2.1 mb to stand at 1,278 mb. This is 147.7 mb lower than the same month a year ago and 50.4 mb below the latest five-year average. Crude stocks fell by 5.8 mb, while product stocks rose by 3.8 mb.

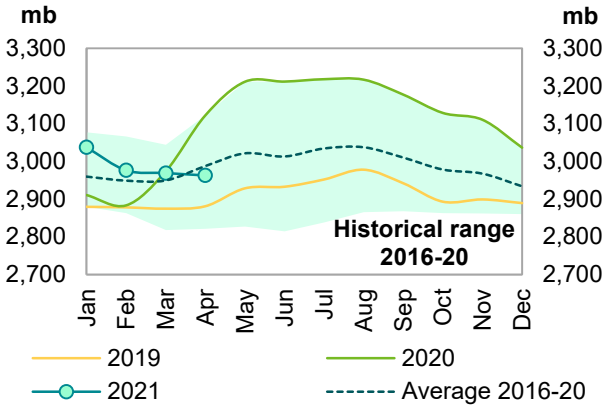
OECD

Preliminary April data sees **total OECD commercial oil stocks** down by 6.4 mb m-o-m. At 2,962 mb, they were 159.9 mb lower than the same time one year ago and 25.2 mb lower than the latest five-year average.

Within the components, crude stocks were lower by 13.6 mb, while products stocks rose m-o-m by 7.2 mb. Total commercial oil stocks in April rose in OECD Asia Pacific and OECD Europe, while they fell in OECD Americas.

OECD **commercial crude stocks** fell in April by 13.6 mb to stand at 1,475 mb. This is 96.6 mb lower than the same time a year ago and 35.8 mb below the latest five-year average. Compared with the previous month, OECD Americas and OECD Europe registered stock draws of 16.8 mb and 3.4 mb, respectively, while OECD Asia Pacific saw a stock build of 6.6 mb.

Graph 9 - 1: OECD commercial oil stocks



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

In contrast, **total product inventories** rose by 7.2 mb m-o-m in April to stand at 1,487 mb. This is 63.0 mb less than the same time a year ago, but 10.7 mb above the latest five-year average.

Within the OECD regions, product stocks in OECD Americas fell by 1.0 mb, while OECD Europe and OECD Pacific rose by 3.9 mb and 4.3 mb, respectively.

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 0.9 days in April to stand at 66.0 days. This is 12.3 days below April 2020 levels, but 0.5 days above the latest five-year average. OECD Americas and OECD Asia Pacific were below the latest five-year averages: the Americas by 1.3 days at 62.9 days and Asia Pacific by 2.8 days at 51.4 days. OECD Europe, however, showed a surplus of 6.0 days at 79.8 days.

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

OECD stocks	Apr 20	Feb 21	Mar 21	Apr 21	*Change* Apr 21/Mar 21
Crude oil	1,572	1,475	1,489	1,475	*-13.6*
Products	1,550	1,501	1,480	1,487	*7.2*
Total	**3,122**	**2,976**	**2,968**	**2,962**	***-6.4***
Days of forward cover	**78.3**	**68.3**	**66.9**	**66.0**	***-0.9***

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 m-o-m by 17.8 mb in April to settle at 1,574 mb. This is 104.3 mb less than the same month last year and 15.2 mb lower than the latest five-year average.

Commercial crude oil stocks in OECD Americas fell m-o-m by 16.8 mb in April to stand at 843 mb, which is 47.2 mb lower than in April 2020, but 8.0 mb above the latest five-year average. The stock draw came on the back of higher crude runs in April.

Total product stocks in OECD Americas fell m-o-m by 1.0 mb in April to stand at 714 mb. This was 57.0 mb lower than the same month one year ago and 23.2 mb below the latest five-year average. Higher consumption in the region was behind the stock draw.

OECD Europe

OECD Europe total commercial stocks rose m-o-m by 0.5 mb in April to settle at 1,040 mb. This is 35.8 mb less than the same month last year, but 23.6 mb higher than the latest five-year average.

OECD Europe's **commercial crude stocks** in April fell m-o-m by 3.4 mb to end the month at 438 mb, which is 28.0 mb lower than one year ago and 4.3 mb below the latest five-year average. The drop in crude oil inventories came despite lower m-o-m refinery throughputs in the EU-14 plus the UK and Norway, which declined by around 150 tb/d to 8.7 mb/d.

In contrast, OECD Europe's **commercial product stocks** rose m-o-m by 3.9 mb to end April at 602 mb. This is 7.8 mb lower than a year ago, but 27.9 mb above the latest five-year average.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks rose m-o-m by 10.9 mb in April to stand at 366 mb. This is 19.8 mb lower than a year ago, and 33.5 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** rose by 6.6 mb m-o-m to end April at 194 mb, which is 21.6 mb lower than one year ago, and 39.5 mb below the latest five-year average.

OECD Asia Pacific's **total product inventories** rose by 4.3 mb m-o-m to end April at 172 mb. This is 1.8 mb higher than the same time a year ago, and 5.9 mb above the latest five-year average.

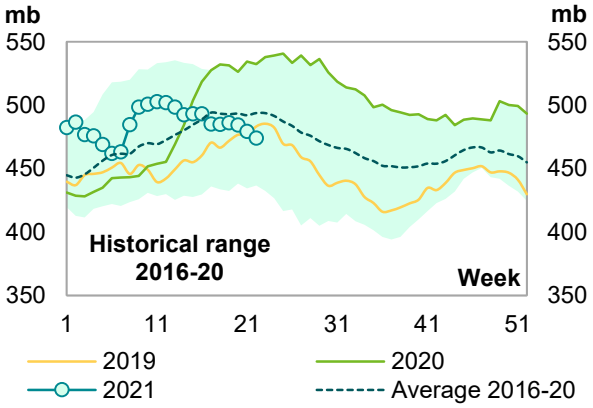
US

Preliminary data for May showed that **total US commercial oil stocks** fell m-o-m by 2.1 mb to stand at 1,278 mb. This is 147.7 mb, or 10.4%, lower than the same month a year ago, and 50.4 mb, or 3.8%, below the latest five-year average. Crude stocks fell by 5.8 mb, while product stocks rose by 3.8 mb.

US **commercial crude stocks** in May fell m-o-m by 5.8 mb to stand at 479 mb. This is 41.7 mb, or 8.0%, lower than the same month last year, and 13.7 mb, or 2.8%, below the latest five-year average. The stock draw came on the back of higher crude runs, which increased m-o-m by 220 t/d to stand a 15.72 mb/d.

In contrast, **total product stocks** in May rose m-o-m by 3.8 mb to stand at 799 mb. This is 106.0 mb, or 11.7%, below May 2020 levels, and 36.7 mb, or 4.4%, lower than the latest five-year average. The build was mainly driven by higher refinery output.

Graph 9 - 2: US weekly commercial crude oil inventories



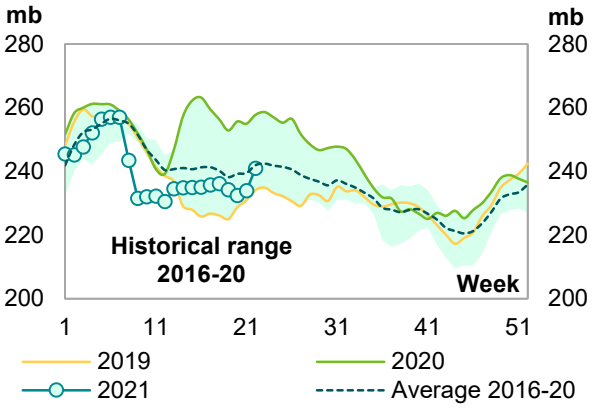
Sources: EIA and OPEC.

Gasoline stocks in May fell m-o-m by 1.8 mb to settle at 234 mb. This is 24.3 mb, or 9.4%, below the same month last year, and 10.6 mb, or 4.3%, lower than the latest five-year average. The monthly stock draw came mainly on the back of higher gasoline consumption.

Distillate stocks fell m-o-m by 3.4 mb in May to stand at 132.8 mb. This is 43.1 mb, or 24.5%, lower than a year ago, and 13.3 mb, or 9.1%, lower than the latest five-year average. The draw in distillate stocks can be attributed to higher distillate consumption.

In contrast, **residual fuel oil stocks** rose m-o-m in May, increasing by 1.1 mb. At 32.7 mb, this was 6.7 mb, or 16.9%, lower than a year ago, and 3.0 mb, or 8.5%, below the latest five-year average.

Graph 9 - 3: US weekly gasoline inventories



Sources: EIA and OPEC.

Jet fuel rose m-o-m by 2.5 mb, ending May at 42.3 mb. This is 1.9 mb, or 4.8%, higher than the same month last year, and 0.2 mb, or 0.5%, above the latest five-year average.

Table 9 - 2: US commercial petroleum stocks, mb

US stocks	May 20	Mar 21	Apr 21	May 21	Change May 21/Apr 21
Crude oil	**521.0**	**501.9**	**485.1**	**479.3**	***-5.8***
Gasoline	258.2	237.6	235.8	234.0	*-1.8*
Distillate fuel	175.9	145.5	136.2	132.8	*-3.4*
Residual fuel oil	39.4	30.9	31.6	32.7	*1.1*
Jet fuel	40.4	39.0	39.8	42.3	*2.5*
Total products	**904.5**	**799.8**	**794.8**	**798.6**	***3.8***
Total	**1,425.5**	**1,301.7**	**1,279.9**	**1,277.8**	***-2.1***
SPR	**648.3**	**637.8**	**633.4**	**627.8**	***-5.6***

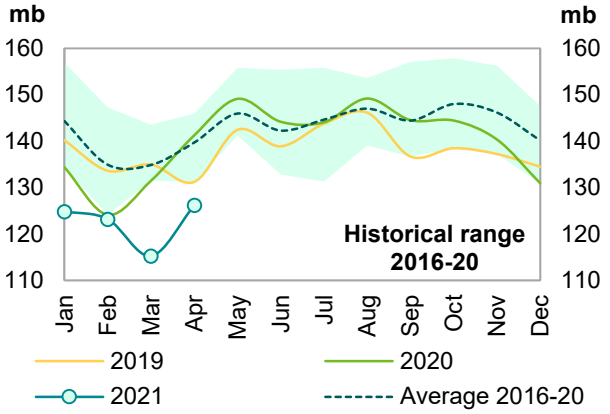
Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** in April rose m-o-m by 10.9 mb to settle at 126.2 mb. This is 15.1 mb, or 10.7%, lower than the same month last year, and 13.5 mb, or 9.7%, below the latest five-year average. Crude and products stocks rose m-o-m by 6.6 mb and 4.3 mb, respectively.

Japanese **commercial crude oil stocks** rose in April to stand at 66.6 mb. This is 15.2 mb, or 18.5%, below the same month a year ago, and 15.9 mb, or 19.3%, lower than the latest five-year average. The build came on the back of higher crude imports, which increased by 309 tb/d m-o-m, or 13.2%, to stand at 2.65 mb/d. Lower crude throughput, which fell m-o-m by 34 tb/d, or 1.4%, to stand at 2.43 mb/d, also contributed to the crude oil stock build.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

Japan's **total product inventories** rose m-o-m by 4.3 mb to end April at 59.6 mb. This is 0.1 mb, or 0.2%, higher than the same month last year, and 2.4 mb, or 4.2 %, above the latest five-year average.

Gasoline stocks rose m-o-m by 0.5 mb to stand at 13.0 mb. This was 0.2 mb, or 1.6%, lower than a year ago, but 11.3 mb, or 1.7%, above the latest five-year average. Lower domestic gasoline sales, which fell by 2.4%, were behind the build in gasoline stocks.

Distillate stocks rose by 1.6 mb m-o-m to end March at 24.6 mb. This is 0.1 mb, or 0.4%, higher than the same month a year ago, and 0.9 mb, or 3.8%, above the latest five-year average. Within distillate components, **jet fuel and gasoil stocks** rose m-o-m by 15.6% and 13.2%, respectively, while kerosene stocks were down by 3.2%.

Total residual fuel oil stocks rose by 1.0 mb in April to stand at 12.2 mb. This is 0.3 mb, or 2.4% lower than the same month last year, and 0.8 mb, or 5.8%, below the latest five-year average. Within components, fuel oil A and fuel oil B.C stocks rose by 4.0% and 11.8%, respectively.

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

Japan's stocks	Apr 20	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
Crude oil	**81.8**	**63.3**	**60.0**	**66.6**	***6.6***
Gasoline	13.2	13.1	12.5	13.0	*0.5*
Naphtha	9.3	9.2	8.6	9.8	*1.2*
Middle distillates	24.5	25.7	23.0	24.6	*1.6*
Residual fuel oil	12.5	11.9	11.3	12.2	*1.0*
Total products	**59.5**	**59.9**	**55.3**	**59.6**	***4.3***
Total**	**141.2**	**123.2**	**115.2**	**126.2**	***10.9***

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

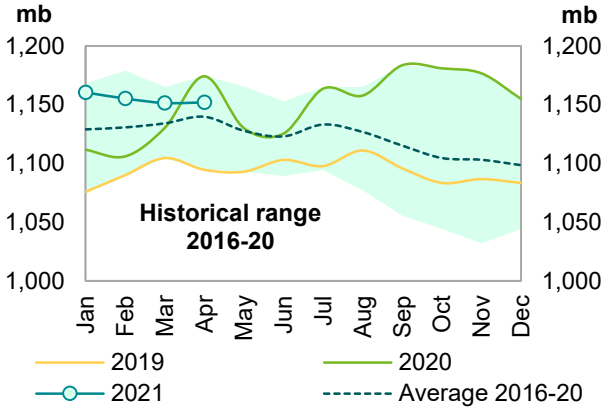
Sources: METI and OPEC.

EU-14 plus UK and Norway

Preliminary data for April showed that **total European commercial oil stocks** rose slightly m-o-m by 0.5 mb to stand at 1,151.9 mb. At this level, they were 22.3 mb, or 1.9%, below the same month a year ago, and 12.2 mb, or 1.1%, higher than the latest five-year average. Crude stocks went down by 3.4 mb, while product stocks rose by 3.9 mb.

European **crude inventories** fell in April to stand at 477.0 mb. This is 24.3 mb, or 4.8%, lower than the same month a year ago, and 14.1 mb, or 2.9%, lower the latest five-year average. The drop in crude oil inventories came despite lower m-o-m refinery throughputs in the EU-14 plus UK and Norway, which declined by around 150 tb/d to 8.7 mb/d.

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



Sources: Argus, Euroilstock and OPEC.

In contrast**, total European product stocks** rose m-o-m by 3.9 mb to end April at 675.0 mb. This is 2.0 mb, or 0.3%, higher than the same month a year ago, and 26.3 mb, or 4.1%, above the latest five-year average.

Gasoline stocks fell m-o-m by 0.3 mb in April to stand at 119.7 mb. This is 5.6 mb, or 4.5%, lower than the level registered the same time a year ago, and in line with the latest five-year average.

Naphtha stocks fell by 0.7 mb m-o-m in April, ending the month at 30.5 mb. This is 2.7 mb, or 8.1%, below April 2020 levels, but 1.9 mb, or 6.6%, higher than the latest five-year average.

In contrast, **distillate stocks** rose m-o-m by 3.3 mb in April to stand at 457.6 mb. This is 14.5 mb, or 3.3%, higher than the same month last year, and 26.2 mb, or 6.1%, above the latest five-year average.

Residual fuel stocks rose m-o-m by 1.6 mb in April to 67.2 mb. This is 4.2 mb, or 5.9%, lower than the same month one year ago, and 1.8 mb, or 2.6%, below the latest five-year average.

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

EU stocks	Apr 20	Feb 21	Mar 21	Apr 21	Change Apr 21/Mar 21
Crude oil	**501.2**	**476.8**	**480.4**	**477.0**	***-3.4***
Gasoline	125.3	124.2	120.0	119.7	*-0.3*
Naphtha	33.2	29.5	31.2	30.5	*-0.7*
Middle distillates	443.1	458.8	454.3	457.6	*3.3*
Fuel oils	71.4	65.9	65.5	67.2	*1.6*
Total products	**673.0**	**678.4**	**671.1**	**675.0**	***3.9***
Total	**1,174.2**	**1,155.2**	**1,151.5**	**1,151.9**	***0.5***

Sources: Argus, Euroilstock and OPEC.

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

Singapore

In April, **total product stocks in Singapore** remained unchanged m-o-m at 50.6 mb. This is 2.4 mb, or 4.5%, lower than the same month a year ago.

Light distillate stocks fell m-o-m by 2.0 mb in April to stand at 12.2 mb. This is 3.5 mb, or 22.5%, lower than the same month one year ago.

Middle distillate stocks fell by 0.2 mb in April to stand at 13.1 mb. This is 1.6 mb, or 11.1%, lower than a year ago.

In contrast, **residual fuel oil stocks** rose by 2.1 mb, ending April at 25.3 mb, which is 2.8 mb, or 12.3%, higher than in April 2020.

ARA

Total product stocks in ARA fell for the second consecutive month in April, down by 2.9 mb to 46.9 mb. This is 1.1 mb, or 2.2%, lower than the same month a year ago.

Gasoline stocks in April fell m-o-m by 0.9 mb to stand 10.2 mb, which is 0.1 mb, or 0.6%, lower than the same month one year ago.

Gasoil stocks fell m-o-m by 1.4 mb in April to stand at 16.2 mb, which is 1.5 mb, or 8.6%, lower than in April 2020.

Residual fuel stocks fell m-o-m by 1.8 mb to end April at 9.8 mb. This is 0.5 mb, or 5.3%, less than the level registered one year ago.

In contrast, **jet oil stocks** rose m-o-m by 0.7 mb to end April at 7.7 mb. This is 2.1 mb, or 37.4%, above the level seen one year ago.

Fujairah

During the week ending 31 May 2021, **total oil product stocks** in **Fujairah** rose by 3.31 mb w-o-w to stand at 23.69 mb, according to data from FEDCom and S&P Global Platts. At this level, total oil stocks were 7.02 mb lower than the same time a year ago. Within products, all the products witnessed a stock build w-o-w.

Light distillate stocks rose by 0.1 mb w-o-w to stand at 5.23 mb, which is 3.32 mb lower than the same period a year ago. **Middle distillate stocks** rose by 0.43 mb to stand at 3.82 mb, which is 2.18 mb lower than a year ago. **Heavy distillate stocks** rose by 2.78 mb to stand at 14.65 mb, which is 1.51 mb lower than the same time last year.

Balance of Supply and Demand

Demand for OPEC crude in 2020 is revised up by 0.2 mb/d from the previous month to stand at 22.7 mb/d. This is around 6.6 mb/d lower than in 2019.

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was 6.7 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.6 mb/d higher than demand. In 3Q20, OPEC crude production averaged 23.9 mb/d, which was 1.1 mb/d lower than demand, while in 4Q20 it averaged 24.9 mb/d, around 2.2 mb/d below demand. For the full year 2020, OPEC crude production averaged 25.6 mb/d, around 3.0 mb/d higher than demand.

Demand for OPEC crude in 2021 remained unchanged from the previous month at 27.7 mb/d. This is 5.0 mb/d higher than in 2020.

According to secondary sources, OPEC crude production averaged 25.1 mb/d in 1Q21, which was 0.3 mb/d lower than demand for OPEC crude.

Balance of supply and demand in 2020

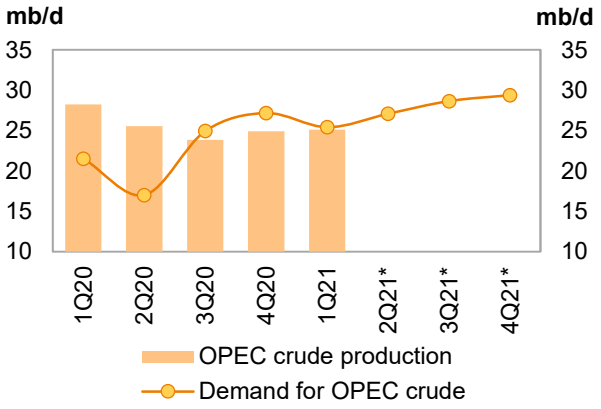
Demand for OPEC crude in 2020 is revised up by 0.2 mb/d from the previous month to stand at 22.7 mb/d. This is around 6.6 mb/d lower than in 2019.

Demand for OPEC crude for all quarters has been revised up from the previous monthly assessment.

Demand for OPEC crude in 1Q20 and 2Q20 has been revised up by 0.2 mb/d and 0.1 mb/d, respectively, while both 3Q20 and 4Q20 has been revised up by 0.3 mb/d each from the previous month.

Compared with the same quarters in 2019, demand for OPEC crude in 1Q20 and 2Q20 indicates a decline of 7.6 mb/d and 11.8 mb/d, respectively. Demand in 3Q20 showed a decline of 5.5 mb/d, while 4Q20 saw a drop of 1.7 mb/d.

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



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

According to secondary sources, OPEC crude production averaged 28.2 mb/d in 1Q20, which was 6.7 mb/d higher than demand for OPEC crude. In 2Q20, OPEC crude production averaged 25.6 mb/d, which was 8.6 mb/d higher than demand. In 3Q20, OPEC crude production averaged 23.9 mb/d, which was 1.1 mb/d lower than demand, while in 4Q20 it averaged 24.9 mb/d, around 2.2 mb/d below demand. For the full year 2020, OPEC crude production averaged 25.6 mb/d, around 3.0 mb/d higher than demand.

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

	2019	1Q20	2Q20	3Q20	4Q20	2020	Change 2020/19
(a) World oil demand	**99.97**	**93.48**	**83.27**	**91.43**	**94.28**	**90.63**	***-9.34***
Non-OPEC liquids production	65.43	66.80	61.05	61.47	62.26	62.89	*-2.54*
OPEC NGL and non-conventionals	5.22	5.15	5.19	5.02	4.84	5.05	*-0.17*
(b) Total non-OPEC liquids production and OPEC NGLs	**70.64**	**71.95**	**66.24**	**66.48**	**67.11**	**67.94**	***-2.70***
Difference (a-b)	**29.32**	**21.53**	**17.02**	**24.95**	**27.17**	**22.69**	***-6.64***
OPEC crude oil production	**29.34**	**28.23**	**25.57**	**23.86**	**24.94**	**25.64**	***-3.70***
Balance	**0.01**	**6.70**	**8.55**	**-1.09**	**-2.23**	**2.95**	***2.94***

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

Balance of supply and demand in 2021

Demand for OPEC crude in 2021 remained unchanged from the previous month at 27.7 mb/d. This is 5.0 mb/d higher than in 2020.

Demand for OPEC crude in 1Q21 and 4Q21 has been revised down by 0.4 mb/d and 0.1 mb/d, respectively, while 2Q21 demand for OPEC crude has been revised up by 0.6 mb/d from the previous month. Meanwhile 3Q21 remained unchanged from the previous monthly assessment.

Compared with the same quarters in 2020, demand for OPEC crude in 1Q21 and 2Q21 is forecast to be 3.9 mb/d and 10.1 mb/d higher, respectively. An increase of 3.7 mb/d y-o-y is projected for 3Q21, and 4Q21 demand for OPEC crude y-o-y is expected to be higher by 2.2 mb/d.

According to secondary sources, OPEC crude production averaged 25.1 mb/d in 1Q21, which was 0.3 mb/d lower than demand for OPEC crude.

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

	2020	1Q21	2Q21	3Q21	4Q21	2021	*Change* 2021/20
(a) World oil demand	**90.63**	**92.93**	**95.26**	**98.18**	**99.82**	**96.58**	***5.95***
Non-OPEC liquids production	62.89	62.41	63.06	64.30	65.10	63.73	*0.84*
OPEC NGL and non-conventionals	5.05	5.11	5.11	5.22	5.33	5.19	*0.14*
(b) Total non-OPEC liquids production and OPEC NGLs	**67.94**	**67.52**	**68.17**	**69.52**	**70.43**	**68.92**	***0.98***
Difference (a-b)	**22.69**	**25.42**	**27.09**	**28.66**	**29.39**	**27.66**	***4.97***
OPEC crude oil production	**25.64**	**25.13**					
Balance	**2.95**	**-0.28**					

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

Appendix

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

	2017	2018	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
World oil demand and supply balance													
World demand													
Americas	25.11	25.73	25.65	24.35	20.01	22.72	23.16	22.56	23.21	24.58	24.74	24.75	24.33
of which US	*20.27*	*20.82*	*20.86*	*19.67*	*16.38*	*18.67*	*19.04*	*18.44*	*19.15*	*19.96*	*20.24*	*20.45*	*19.96*
Europe	14.41	14.32	14.25	13.34	11.01	12.87	12.51	12.43	11.96	12.78	13.61	13.71	13.02
Asia Pacific	8.15	7.95	7.79	7.75	6.54	6.70	7.29	7.07	7.61	7.18	7.17	7.51	7.37
Total OECD	**47.68**	**47.99**	**47.69**	**45.44**	**37.56**	**42.29**	**42.97**	**42.07**	**42.77**	**44.54**	**45.52**	**45.97**	**44.72**
China	12.47	13.01	13.48	11.34	13.25	13.87	14.28	13.19	12.95	14.27	14.93	15.05	14.30
India	4.53	4.73	4.91	4.84	3.81	4.24	5.15	4.51	4.94	4.52	4.91	5.61	5.00
Other Asia	8.69	8.91	9.04	8.30	7.79	8.11	8.33	8.13	8.34	8.96	8.57	8.59	8.62
Latin America	6.51	6.53	6.59	6.11	5.61	6.20	6.12	6.01	6.15	6.16	6.46	6.40	6.29
Middle East	8.23	8.13	8.20	7.88	6.91	7.73	7.65	7.55	7.92	7.67	8.24	7.97	7.95
Africa	4.20	4.33	4.43	4.37	3.76	3.94	4.27	4.08	4.39	3.96	4.16	4.48	4.25
Russia	3.48	3.55	3.61	3.44	3.04	3.40	3.59	3.37	3.57	3.37	3.57	3.74	3.56
Other Eurasia	1.17	1.21	1.24	1.07	0.99	1.01	1.23	1.07	1.18	1.19	1.14	1.28	1.20
Other Europe	0.72	0.74	0.76	0.71	0.55	0.64	0.69	0.65	0.71	0.62	0.68	0.74	0.69
Total Non-OECD	**49.99**	**51.14**	**52.27**	**48.04**	**45.71**	**49.15**	**51.31**	**48.56**	**50.16**	**50.72**	**52.65**	**53.85**	**51.86**
(a) Total world demand	**97.67**	**99.13**	**99.97**	**93.48**	**83.27**	**91.43**	**94.28**	**90.63**	**92.93**	**95.26**	**98.18**	**99.82**	**96.58**
Y-o-y change	***1.79***	***1.46***	***0.84***	***-5.60***	***-15.70***	***-9.47***	***-6.61***	***-9.34***	***-0.55***	***11.99***	***6.74***	***5.54***	***5.95***
Non-OPEC liquids production													
Americas	21.51	24.05	25.77	26.60	23.55	24.10	24.65	24.73	24.11	24.64	25.43	26.03	25.06
of which US	*14.42*	*16.69*	*18.43*	*19.05*	*16.81*	*17.34*	*17.30*	*17.62*	*16.64*	*17.52*	*17.97*	*18.46*	*17.66*
Europe	3.83	3.84	3.71	4.05	3.89	3.79	3.89	3.90	3.95	3.74	4.03	4.10	3.95
Asia Pacific	0.39	0.41	0.52	0.53	0.54	0.54	0.52	0.53	0.51	0.56	0.55	0.55	0.54
Total OECD	**25.73**	**28.30**	**30.01**	**31.18**	**27.98**	**28.43**	**29.06**	**29.16**	**28.57**	**28.93**	**30.01**	**30.68**	**29.55**
China	3.97	3.98	4.04	4.13	4.12	4.13	4.08	4.12	4.25	4.26	4.23	4.20	4.23
India	0.86	0.86	0.82	0.79	0.76	0.76	0.76	0.77	0.76	0.76	0.75	0.74	0.75
Other Asia	2.80	2.72	2.69	2.61	2.47	2.46	2.49	2.50	2.55	2.50	2.48	2.47	2.50
Latin America	5.72	5.79	6.09	6.35	5.83	6.14	5.91	6.06	5.96	6.11	6.31	6.51	6.23
Middle East	3.14	3.21	3.20	3.19	3.20	3.15	3.17	3.17	3.20	3.20	3.23	3.24	3.22
Africa	1.50	1.51	1.51	1.46	1.43	1.40	1.37	1.42	1.38	1.33	1.34	1.32	1.34
Russia	11.33	11.52	11.61	11.68	10.38	10.01	10.31	10.59	10.47	10.71	10.66	10.66	10.63
Other Eurasia	3.01	3.08	3.07	3.16	2.92	2.73	2.85	2.91	2.96	2.95	2.98	2.98	2.97
Other Europe	0.13	0.12	0.12	0.12	0.12	0.11	0.11	0.12	0.11	0.11	0.11	0.11	0.11
Total Non-OECD	**32.45**	**32.79**	**33.16**	**33.47**	**31.22**	**30.89**	**31.05**	**31.66**	**31.64**	**31.93**	**32.09**	**32.23**	**31.97**
Total Non-OPEC production	58.18	61.09	63.16	64.65	59.20	59.32	60.12	60.82	60.21	60.86	62.10	62.90	61.53
Processing gains	2.22	2.25	2.26	2.15	1.85	2.15	2.15	2.07	2.20	2.20	2.20	2.20	2.20
Total Non-OPEC liquids production	**60.40**	**63.34**	**65.43**	**66.80**	**61.05**	**61.47**	**62.26**	**62.89**	**62.41**	**63.06**	**64.30**	**65.10**	**63.73**
OPEC NGL + non-conventional oils	5.17	5.29	5.22	5.15	5.19	5.02	4.84	5.05	5.11	5.11	5.22	5.33	5.19
(b) Total non-OPEC liquids production and OPEC NGLs	**65.57**	**68.63**	**70.64**	**71.95**	**66.24**	**66.48**	**67.11**	**67.94**	**67.52**	**68.17**	**69.52**	**70.43**	**68.92**
Y-o-y change	***0.89***	***3.06***	***2.01***	***1.95***	***-3.88***	***-3.95***	***-4.90***	***-2.70***	***-4.43***	***1.93***	***3.04***	***3.33***	***0.98***
OPEC crude oil production (secondary sources)	31.48	31.34	29.34	28.23	25.57	23.86	24.94	25.64	25.13				
Total liquids production	97.05	99.97	99.98	100.18	91.82	90.34	92.04	93.58	92.65				
Balance (stock change and miscellaneous)	-0.62	0.84	0.01	6.70	8.55	-1.09	-2.23	2.95	-0.28				
OECD closing stock levels, *mb*													
Commercial	2,860	2,875	2,889	2,973	3,212	3,177	3,036	3,036	2,968				
SPR	1,569	1,552	1,535	1,537	1,561	1,551	1,541	1,541	1,545				
Total	**4,428**	**4,427**	**4,425**	**4,511**	**4,773**	**4,728**	**4,578**	**4,578**	**4,513**				
Oil-on-water	1,025	1,058	1,011	1,186	1,329	1,174	1,148	1,148	1,138				
Days of forward consumption in OECD, *days*													
Commercial onland stocks	60	60	69	79	76	74	71	68	67				
SPR	33	33	36	41	37	36	36	34	35				
Total	**92**	**93**	**105**	**120**	**113**	**110**	**107**	**102**	**101**				
Memo items													
(a) - (b)	**32.10**	**30.50**	**29.32**	**21.53**	**17.02**	**24.95**	**27.17**	**22.69**	**25.42**	**27.09**	**28.66**	**29.39**	**27.66**

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	-	-	-	-	-	-	-	-	-0.33	0.13	0.05	-	-0.04
of which US	-	-	-	-	-	-	-	-	*-0.03*	*0.10*	-	-	*0.02*
Europe	-	-	-	-0.01	-0.03	0.02	-0.03	-0.01	-0.16	0.07	0.02	-0.03	-0.03
Asia Pacific	-	-	-	-	-	-	-0.04	-0.01	0.07	-	-	-0.04	0.01
Total OECD	**-**	**-**	**-**	**-0.01**	**-0.03**	**0.02**	**-0.07**	**-0.02**	**-0.42**	**0.20**	**0.07**	**-0.07**	**-0.05**
China	-	-	-	-	-	-	-	-	-	-	-	-	-
India	-	-	-	-	0.23	0.23	-	0.11	-	0.23	0.23	-	0.12
Other Asia	-	-	-	-	-	-	-	-	0.01	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-0.21	-	-0.05	0.05	0.05	-0.21	-	-0.03
Africa	-	-	-0.02	-0.01	-0.01	-0.02	-0.01	-0.01	-0.02	-0.01	-0.02	-0.01	-0.02
Russia	-	-	-	-	-	0.20	0.16	0.09	-	-	0.20	0.16	0.09
Other Eurasia	-	-	-	-	-	-	-	-	0.01	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	0.01	-	-	-	-
Total Non-OECD	**-**	**-**	**-0.02**	**-0.01**	**0.22**	**0.21**	**0.15**	**0.14**	**0.06**	**0.27**	**0.21**	**0.15**	**0.17**
(a) Total world demand	**-**	**-**	**-0.02**	**-0.02**	**0.19**	**0.23**	**0.08**	**0.12**	**-0.36**	**0.47**	**0.28**	**0.08**	**0.12**
Y-o-y change	***-***	***-***	***-0.02***	***-0.01***	***0.21***	***0.24***	***0.10***	***0.14***	***-0.34***	***0.27***	***0.05***	***-***	***-***
Non-OPEC liquids production													
Americas	-	-	-	0.01	-	-	-	-	0.04	0.06	0.19	0.17	0.12
of which US	-	-	-	-	-	-	-	-	*0.03*	*0.04*	*0.19*	*0.16*	*0.10*
Europe	-	-	-	-	-0.01	-0.01	-	-	-0.06	-0.05	0.10	0.03	0.01
Asia Pacific	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	**-**	**-**	**-**	**0.01**	**-0.01**	**-0.01**	**-**	**-**	**-0.02**	**0.01**	**0.29**	**0.20**	**0.12**
China	-	-	-	-	-	-	-	-	-	0.06	0.02	0.02	0.02
India	-	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01
Other Asia	-	-	-	-	-	-0.01	-0.01	-	0.03	0.03	0.01	0.01	0.02
Latin America	-	-	-	-	-	-	-	-	-	-0.21	-0.01	-0.01	-0.06
Middle East	-	-	-	-	-	-	-	-	0.01	-	-	-	-
Africa	-	0.01	0.01	0.02	-0.01	-	-	-	0.01	-0.03	-	-	-
Russia	-	-	-	-	-	-	-	-	-	0.05	-	-	0.01
Other Eurasia	-	-	-	-	-	-	-	-	-	0.01	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	**-**	**0.01**	**0.01**	**0.02**	**-0.01**	**-0.01**	**-0.01**	**-**	**0.05**	**-0.08**	**0.03**	**0.03**	**0.01**
Total Non-OPEC production	-	0.01	0.01	0.02	-0.02	-0.02	-0.01	-	0.04	-0.06	0.32	0.22	0.13
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC liquids production	**-**	**0.01**	**0.01**	**0.02**	**-0.02**	**-0.02**	**-0.01**	**-**	**0.04**	**-0.06**	**0.32**	**0.22**	**0.13**
OPEC NGL + non-conventional oils	-0.01	-0.04	-0.04	-0.20	0.10	-0.02	-0.21	-0.08	-	-0.08	-	0.01	-0.02
(b) Total non-OPEC liquids production and OPEC NGLs	**-0.01**	**-0.03**	**-0.03**	**-0.17**	**0.08**	**-0.03**	**-0.22**	**-0.09**	**0.04**	**-0.14**	**0.32**	**0.23**	**0.11**
Y-o-y change	***-***	***-0.02***	***-***	***-0.18***	***0.08***	***-0.01***	***-0.11***	***-0.06***	***0.21***	***-0.22***	***0.35***	***0.44***	***0.20***
OPEC crude oil production (secondary sources)	-	-	-	-	-	-	-0.01	-	-0.01				
Total liquids production	-0.01	-0.03	-0.03	-0.18	0.08	-0.03	-0.22	-0.09	0.03				
Balance (stock change and miscellaneous)	-0.01	-0.03	-0.01	-0.15	-0.11	-0.26	-0.30	-0.21	0.39				
mb													
Commercial	-	-	-	-	-	-	-	-	-18				
SPR	-	-	-	-	-	-	-	-	3				
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-16**				
Oil-on-water	-	-	-	-	-	-	-	-	-				
Days of forward consumption in OECD, *days*													
Commercial onland stocks	-	-	-	-	-	-	1	-	-1				
SPR	-	-	-	-	-	-	-	-	-				
Total	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**	**-1**				
Memo items													
(a) - (b)	**0.01**	**0.03**	**0.01**	**0.15**	**0.11**	**0.26**	**0.30**	**0.20**	**-0.40**	**0.61**	**-0.04**	**-0.15**	**0.01**

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

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

	2018	2019	2020	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
OECD oil stocks and oil on water												
Closing stock levels, mb												
OECD onland commercial	**2,875**	**2,889**	**3,036**	**2,875**	**2,932**	**2,942**	**2,889**	**2,973**	**3,212**	**3,177**	**3,036**	**2,968**
Americas	1,544	1,518	1,613	1,504	1,559	1,553	1,518	1,575	1,713	1,687	1,613	1,575
Europe	930	978	1,043	989	983	988	978	1,032	1,098	1,079	1,043	1,039
Asia Pacific	402	394	380	381	391	401	394	366	400	411	380	355
OECD SPR	**1,552**	**1,535**	**1,541**	**1,557**	**1,549**	**1,544**	**1,535**	**1,537**	**1,561**	**1,551**	**1,541**	**1,545**
Americas	651	637	640	651	647	647	637	637	658	644	640	640
Europe	481	482	488	488	485	482	482	484	487	490	488	492
Asia Pacific	420	416	414	417	417	416	416	416	416	417	414	413
OECD total	**4,427**	**4,425**	**4,578**	**4,432**	**4,481**	**4,486**	**4,425**	**4,511**	**4,773**	**4,728**	**4,578**	**4,513**
Oil-on-water	**1,058**	**1,011**	**1,148**	**1,013**	**995**	**1,012**	**1,011**	**1,186**	**1,329**	**1,174**	**1,148**	**1,138**
Days of forward consumption in OECD, days												
OECD onland commercial	**60**	**69**	**68**	**61**	**61**	**61**	**64**	**79**	**76**	**74**	**71**	**67**
Americas	60	67	66	59	60	60	62	79	75	73	70	64
Europe	65	79	80	70	67	70	73	94	85	86	87	82
Asia Pacific	52	56	52	51	52	50	51	56	60	56	50	49
OECD SPR	**33**	**37**	**35**	**33**	**32**	**32**	**34**	**41**	**37**	**36**	**36**	**35**
Americas	26	30	27	26	25	25	26	32	29	28	28	26
Europe	34	39	38	34	33	34	36	44	38	39	41	39
Asia Pacific	54	60	57	56	55	52	54	64	62	57	54	58
OECD total	**94**	**107**	**104**	**94**	**93**	**94**	**97**	**120**	**113**	**110**	**107**	**102**

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

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

	2017	2018	2019	3Q20	4Q20	2020	Change 20/19	1Q21	2Q21	3Q21	4Q21	2021	Change 21/20
Non-OPEC liquids production and OPEC NGLs													
US	14.4	16.7	18.4	17.3	17.3	17.6	-0.8	16.6	17.5	18.0	18.5	17.7	0.0
Canada	4.9	5.3	5.4	4.9	5.5	5.2	-0.2	5.5	5.2	5.5	5.6	5.5	0.3
Mexico	2.2	2.1	1.9	1.9	1.9	1.9	0.0	1.9	1.9	1.9	1.9	1.9	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OECD Americas	**21.5**	**24.0**	**25.8**	**24.1**	**24.7**	**24.7**	**-1.0**	**24.1**	**24.6**	**25.4**	**26.0**	**25.1**	**0.3**
Norway	2.0	1.9	1.7	2.0	2.0	2.0	0.3	2.1	2.0	2.2	2.2	2.1	0.1
UK	1.0	1.1	1.1	1.0	1.0	1.1	-0.1	1.0	0.9	1.0	1.0	1.0	-0.1
Denmark	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Other OECD	0.7	0.7	0.7	0.8	0.8	0.8	0.0	0.7	0.8	0.8	0.8	0.8	0.0
OECD Europe	**3.8**	**3.8**	**3.7**	**3.8**	**3.9**	**3.9**	**0.2**	**3.9**	**3.7**	**4.0**	**4.1**	**4.0**	**0.0**
Australia	0.3	0.3	0.5	0.5	0.5	0.5	0.0	0.4	0.5	0.5	0.5	0.5	0.0
Other Asia Pacific	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OECD Asia Pacific	**0.4**	**0.4**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**	**0.5**	**0.6**	**0.6**	**0.6**	**0.5**	**0.0**
Total OECD	**25.7**	**28.3**	**30.0**	**28.4**	**29.1**	**29.2**	**-0.8**	**28.6**	**28.9**	**30.0**	**30.7**	**29.6**	**0.4**
China	**4.0**	**4.0**	**4.0**	**4.1**	**4.1**	**4.1**	**0.1**	**4.2**	**4.3**	**4.2**	**4.2**	**4.2**	**0.1**
India	**0.9**	**0.9**	**0.8**	**0.8**	**0.8**	**0.8**	**-0.1**	**0.8**	**0.8**	**0.8**	**0.7**	**0.8**	**0.0**
Brunei	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Indonesia	0.9	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.0
Malaysia	0.7	0.7	0.7	0.6	0.6	0.6	-0.1	0.6	0.6	0.6	0.6	0.6	0.0
Thailand	0.5	0.5	0.5	0.5	0.5	0.5	-0.1	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	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Other Asia	**2.8**	**2.7**	**2.7**	**2.5**	**2.5**	**2.5**	**-0.2**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**0.0**
Argentina	0.7	0.7	0.7	0.7	0.7	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Brazil	3.3	3.3	3.6	3.8	3.5	3.7	0.1	3.6	3.7	3.9	4.0	3.8	0.1
Colombia	0.9	0.9	0.9	0.8	0.8	0.8	-0.1	0.8	0.8	0.8	0.8	0.8	0.0
Ecuador	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.5	0.5	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	0.3	0.3	0.4	0.4	0.3	0.0
Latin America	**5.7**	**5.8**	**6.1**	**6.1**	**5.9**	**6.1**	**0.0**	**6.0**	**6.1**	**6.3**	**6.5**	**6.2**	**0.2**
Bahrain	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Oman	1.0	1.0	1.0	0.9	0.9	0.9	0.0	1.0	1.0	1.0	1.0	1.0	0.0
Qatar	1.9	1.9	1.9	1.9	1.9	1.9	0.0	2.0	2.0	2.0	2.0	2.0	0.0
Syria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yemen	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Middle East	**3.1**	**3.2**	**3.2**	**3.1**	**3.2**	**3.2**	**0.0**	**3.2**	**3.2**	**3.2**	**3.2**	**3.2**	**0.0**
Cameroon	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.1	0.0
Chad	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Egypt	0.7	0.7	0.7	0.6	0.6	0.6	0.0	0.6	0.6	0.6	0.6	0.6	0.0
Ghana	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
South Africa	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Sudans	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Africa other	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Africa	**1.5**	**1.5**	**1.5**	**1.4**	**1.4**	**1.4**	**-0.1**	**1.4**	**1.3**	**1.3**	**1.3**	**1.3**	**-0.1**
Russia	**11.3**	**11.5**	**11.6**	**10.0**	**10.3**	**10.6**	**-1.0**	**10.5**	**10.7**	**10.7**	**10.7**	**10.6**	**0.0**
Kazakhstan	1.8	1.9	1.9	1.7	1.8	1.8	-0.1	1.8	1.8	1.8	1.8	1.8	0.0
Azerbaijan	0.8	0.8	0.8	0.7	0.7	0.7	-0.1	0.8	0.8	0.8	0.8	0.8	0.1
Eurasia others	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.3	0.3	0.3	0.0
Other Eurasia	**3.0**	**3.1**	**3.1**	**2.7**	**2.8**	**2.9**	**-0.2**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**	**0.1**
Other Europe	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.0**
Total Non-OECD	**32.5**	**32.8**	**33.2**	**30.9**	**31.1**	**31.7**	**-1.5**	**31.6**	**31.9**	**32.1**	**32.2**	**32.0**	**0.3**
Non-OPEC	58.2	61.1	63.2	59.3	60.1	60.8	-2.3	60.2	60.9	62.1	62.9	61.5	0.7
Processing gains	2.2	2.3	2.3	2.1	2.1	2.1	-0.2	2.2	2.2	2.2	2.2	2.2	0.1
Non-OPEC liquids production	**60.4**	**63.3**	**65.4**	**61.5**	**62.3**	**62.9**	**-2.5**	**62.4**	**63.1**	**64.3**	**65.1**	**63.7**	**0.8**
OPEC NGL	5.1	5.2	5.1	4.9	4.7	4.9	-0.2	5.0	5.0	5.1	5.2	5.1	0.1
OPEC Non-conventi	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
OPEC (NGL+NCF)	**5.2**	**5.3**	**5.2**	**5.0**	**4.8**	**5.0**	**-0.2**	**5.1**	**5.1**	**5.2**	**5.3**	**5.2**	**0.1**
Non-OPEC & OPEC (NGL+NCF)	**65.6**	**68.6**	**70.6**	**66.5**	**67.1**	**67.9**	**-2.7**	**67.5**	**68.2**	**69.5**	**70.4**	**68.9**	**1.0**

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

Table 11 - 5: World rig count, units

	2018	2019	2020	Change 2020/19	2Q20	3Q20	4Q20	1Q21	Apr 21	May 21	Change May/Apr
World rig count											
US	1,031	944	436	-508	396	254	311	393	437	454	17
Canada	191	134	90	-44	25	49	89	145	57	59	2
Mexico	27	37	41	4	43	36	38	46	41	40	-1
OECD Americas	**1,251**	**1,116**	**567**	**-549**	**464**	**339**	**438**	**585**	**536**	**554**	**18**
Norway	15	17	16	-1	16	16	17	16	17	18	1
UK	7	15	6	-9	4	5	7	8	9	7	-2
OECD Europe	**62**	**74**	**59**	**-15**	**57**	**56**	**55**	**54**	**57**	**58**	**1**
OECD Asia Pacific	**21**	**29**	**22**	**-7**	**22**	**17**	**18**	**16**	**18**	**23**	**5**
Total OECD	**1,334**	**1,219**	**648**	**-571**	**543**	**412**	**511**	**656**	**611**	**635**	**24**
Other Asia*	222	221	187	-34	190	184	160	161	162	174	12
Latin America	129	128	58	-70	26	40	60	76	76	95	19
Middle East	64	68	57	-11	59	50	48	57	53	59	6
Africa	46	55	43	-12	46	35	32	33	35	39	4
Other Europe	13	14	12	-2	11	12	12	12	5	8	3
Total Non-OECD	**474**	**486**	**357**	**-129**	**332**	**321**	**312**	**338**	**331**	**375**	**44**
Non-OPEC rig count	**1,808**	**1,705**	**1,005**	**-700**	**875**	**733**	**823**	**994**	**942**	**1,010**	**68**
Algeria	50	45	31	-14	33	27	25	22	27	28	1
Angola	4	4	3	-1	2	1	3	4	4	4	0
Congo	3	3	1	-2	1	0	0	0	0	0	0
Equatorial Guinea**	0	1	0	-1	0	0	0	0	0	0	0
Gabon	3	7	3	-4	2	0	0	1	1	1	0
Iran**	157	117	117	0	117	117	117	117	117	117	0
Iraq	59	74	47	-27	54	30	28	32	35	35	0
Kuwait	51	46	45	-1	52	44	29	28	25	23	-2
Libya	5	14	12	-2	11	11	10	12	12	12	0
Nigeria	13	16	11	-5	11	8	7	6	5	6	1
Saudi Arabia	117	115	93	-22	108	87	63	62	60	66	6
UAE	55	62	54	-8	58	50	40	43	43	43	0
Venezuela	32	25	24	-1	21	25	25	25	25	25	0
OPEC rig count	**549**	**529**	**441**	**-88**	**470**	**400**	**347**	**352**	**354**	**360**	**6**
World rig count***	**2,357**	**2,234**	**1,446**	**-788**	**1,345**	**1,133**	**1,170**	**1,346**	**1,296**	**1,370**	**74**
of which:											
Oil	1,876	1,788	1,125	-663	1,034	866	896	1,044	1,020	1,071	51
Gas	448	415	275	-140	254	232	238	269	243	267	24
Others	33	31	46	15	57	35	36	33	33	32	-1

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

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

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

Totals may not add up due to independent rounding.

Sources: Baker Hughes and OPEC.

Glossary of Terms

Abbreviations

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

Acronyms

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

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

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

OPEC Basket average price

US$/b

up 3.67 in May

May 2021	66.91
April 2021	63.24
Year-to-date	**62.16**

May OPEC crude production

mb/d, according to secondary sources

up 0.39 in May

May 2021	25.46
April 2021	25.07

Economic growth rate

per cent

	World	OECD	US	Euro–zone	Japan	China	India
2020	–3.4	–4.7	–3.5	–6.7	–4.7	2.3	–7.0
2021	5.5	4.8	6.4	4.1	2.8	8.5	9.5

Supply and demand

mb/d

2020		**20/19**	**2021**		**21/20**
World demand	90.6	–9.3	World demand	96.6	6.0
Non-OPEC liquids production	62.9	–2.5	Non-OPEC liquids production	63.7	0.8
OPEC NGLs	5.0	–0.2	OPEC NGLs	5.2	0.1
Difference	**22.7**	**–6.6**	**Difference**	**27.7**	**5.0**

OECD commercial stocks

mb

	Apr 20	Feb 21	Mar 21	Apr 21	Apr 21/Mar 21
Crude oil	1,572	1,475	1,489	1,475	–13.6
Products	1,550	1,501	1,480	1,487	7.2
Total	**3,122**	**2,976**	**2,968**	**2,962**	**–6.4**
Days of forward cover	78	68	67	66	–0.9

Next report to be issued on 15 July 2021.