Organization of the Petroleum Exporting Countries

OPEC Monthly Oil Market Report

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Feature article:
Monetary policies' impact on oil market

Organization of the Petroleum Exporting Countries

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Oil Market Highlights

Crude Oil Price Movements

In June, the OPEC Reference Basket (ORB) declined slightly by 37¢, or 0.4%, m-o-m, to average $83.22/b. The ICE Brent front-month contract was unchanged, m-o-m, at $83.00/b, while the NYMEX WTI front-month contract slightly increased by 8¢, or 0.1%, m-o-m, to average $78.70/b. The DME Oman front-month contract declined by $1.05, m-o-m, or 1.3%, m-o-m, to settle at $82.69/b. The front-month ICE Brent/NYMEX WTI spread narrowed in June by 8¢, m-o-m, to average $4.30/b. The price structure of ICE Brent and NYMEX WTI strengthened. Money managers turned less bearish about oil, as selling pressure eased.

World Economy

The world economic growth forecast is revised up slightly to 2.9% for 2024, but remained unchanged at 2.9% for 2025. For the US, economic growth forecasts for both 2024 and 2025 remain unchanged at 2.2% and 1.9%, respectively. The economic growth forecast for the Eurozone is revised up slightly to stand at 0.7% for 2024, with 2025 unchanged at 1.2%. Japan's economic growth forecast remain unchanged at 0.3% and 0.9% for 2024 and 2025, respectively. China's 2024 economic growth forecast is revised up slightly to 4.9%, while the 2025 forecast remains at 4.6%. India's economic growth forecast is unchanged for both 2024 and 2025, at 6.6% and 6.3%, respectively. Brazil's economic growth forecast is unchanged at 1.8% for 2024 and 1.9% for 2025. Russia's economic growth forecasts for 2024 and 2025 are revised up slightly to 3.1% and 1.5%, respectively.

World Oil Demand

The 2024 global oil demand growth forecast remains at 2.2 mb/d, unchanged from last month's assessment. The OECD oil demand in 2024 is expected to expand by around 0.2 mb/d, while the non-OECD is forecast to grow by around 2.1 mb/d. In 2025, global oil demand is expected to see robust growth of 1.8 mb/d, y-o-y, also unchanged from the previous month's assessment. The OECD oil demand is expected to grow by 0.1 mb/d, y-o-y, while the non-OECD demand is forecast to expand by 1.7 mb/d.

World Oil Supply

Non-Declaration of Cooperation (DoC) liquids supply (i.e., liquids supply from countries not participating in the DoC) is expected to grow by 1.2 mb/d in 2024, unchanged from the previous month's assessment. The main growth drivers are expected to be the US, Canada and Brazil. In 2025, non-DoC liquids supply growth is forecast at 1.1 mb/d, also unchanged from the previous month's assessment. The growth is anticipated to be mainly driven by the US, Brazil, Canada and Norway. Separately, DoC natural gas liquids (NGLs) and non-conventional liquids are forecast to grow by about 0.1 mb/d to average 8.3 mb/d in 2024, followed by an increase of about 25 tb/d, reaching 8.4 mb/d in 2025. Crude oil production by the countries participating in the DoC dropped by 125 tb/d in June compared to the previous month, averaging about 40.80 mb/d, as reported by available secondary sources.

Product Markets and Refining Operations

In June, refinery margins continued to retract in the Atlantic basin. This marked the fourth consecutive monthly decline as refiners increased product output, with gasoline leading the losses due to ample availability. This was despite a robust gasoil crack spread performance in the USGC. In contrast, margins in Singapore reversed direction, with gains driven by middle distillates, naphtha and high sulphur fuel oil. The upturn in Southeast Asia reflected the increase in planned and unplanned maintenance within the region.

Tanker Market

Dirty spot freight rates showed mixed movements across classes. The VLCC spot freight rates declined, amid lower flows from the Middle East. The Middle East-to-East route freight rates fell by 25%, m-o-m, while the West Africa-to-East route fell by 19%. Meanwhile, Suezmax freight rates rose on monitored routes, with a m-o-m gain of 10% on the USGC to Europe route, amid higher flows out of Houston. Aframax freight rates declined around the Mediterranean, with the intra-Med route down 18%, while the Indonesia-to-East route strengthened by 5%, amid higher flows to Thailand and Malaysia. In the clean tanker market, freight rates were broadly flat East of Suez, while West of Suez rates fell 23%, amid still sluggish product demand in Europe and soft economics for flows to North America.

Crude and Refined Product Trade

In June, US crude imports surged for the third consecutive month to average 7.3 mb/d, according to preliminary data, representing a more than five-year high. For the first time in seven months, US crude exports fell below 4 mb/d, averaging 3.8 mb/d. US product exports jumped by 6%, m-o-m, to average 6.8 mb/d, the second highest on record, amid higher flows to Asia, Latin America and Europe. The latest data for China shows crude imports averaged 11.1 mb/d in May, a m-o-m increase but some 9% lower compared to the same month last year. China's product imports fell from high levels seen in the previous month to average 2.4 mb/d, as independent refiners reduced inflows of refinery feedstocks. India's crude imports in May declined from a two-year high to average 5.1 mb/d, as product consumption was elevated by the election activities. India's product imports tapered slightly to average 1.1 mb/d, amid lower inflows of fuel oil. Japan's crude imports fell to a 34-month low of 2.1 mb/d in May as the weaker yen slowed buying, amid muted demand. Japan's product exports also declined m-o-m, driven by lower outflows of gasoil and fuel oil. Preliminary estimates indicate OECD Europe crude imports fell m-o-m in May, amid refinery maintenance and lacklustre product demand in the region. Product imports into the OECD region were seen to decline in May due to lower inflows of jet fuel and diesel.

Commercial Stock Movements

Preliminary May 2024 data shows a build in total OECD commercial oil stocks by about 24.7 mb, m-o-m, reaching 2,813 mb. This is about 142 mb below the 2015–2019 average. Within the components, crude stocks fell by 5.4 mb, while product stocks rose by 30.1 mb, m-o-m. OECD commercial crude stocks stood at 1,366 mb in May. This is 120 mb less than the 2015-2019 average. OECD total product stocks stood at 1,447 mb in May. This is 23 mb below the 2015–2019 average. In terms of days of forward cover, OECD commercial oil stocks increased in May by 0.3 days, m-o-m, to stand at 60.6 days. This is 1.4 days less than the 2015-2019 average.

Balance of Supply and Demand

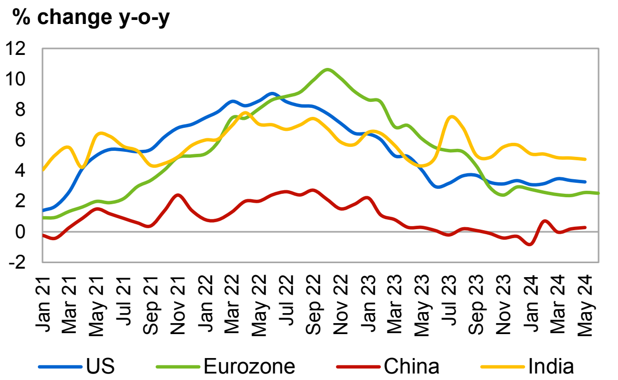
Demand for DoC crude (i.e., crude from countries participating in the DoC) in 2024 is revised down slightly by 0.1 mb/d from the previous month's assessment to stand at 43.1 mb/d, which is around 0.9 mb/d higher than the estimate for 2023. This revision is mainly due to higher supply historical data. Demand for DoC crude in 2025 is revised down by 0.1 mb/d from the previous month's assessment to stand at 43.9 mb/d, which is around 0.7 mb/d higher than the estimate for 2024. Again, this revision is due to higher supply historical data.

Feature Article

Monetary policies impact on oil market

In the key advanced economies, the consumer price index (CPI) has signalled an easing of inflation. In the US, it declined to 3.3% in May but remains above the US Fed's target level of 2%. Similarly, in the Eurozone, the CPI dropped to 2.5% in June. However, CPI levels in key developing countries have shown diverging trends, as can be seen in China, with inflation currently at 0.3% in May while in India the CPI dropped to 4.7% in May (***Graph 1***).

Graph 1: CPI in selected key economies

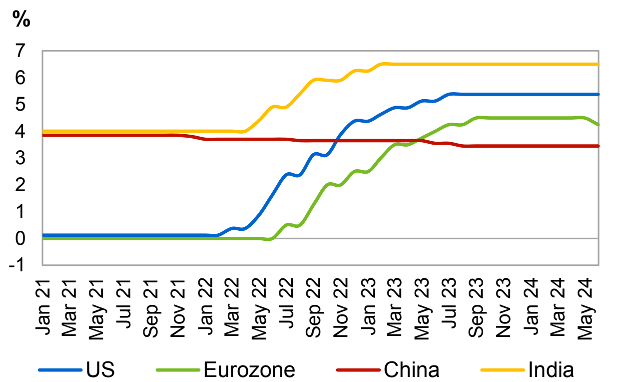


Sources: BLS, CNBS, Eurostat, MOPSI and Haver Analytics.

With this, and amid persistent inflationary pressures, the anticipated shifts towards monetary policy easing have been somewhat cautious. The European Central Bank (ECB) recently cut its three key interest rates by 25 basis points, but the US Federal Reserve (Fed) and the Bank of England (BOE) have opted to keep policy rates unchanged at their most recent meetings (***Graph 2***).

The divergences in monetary policies are influenced not only by inflation expectations but also by a wide range of factors, including variations in inflation subcomponents, currency vulnerabilities, government debt, differences in business cycles, and the effects of geo-economic developments. Notably, the US Fed's policy decisions tend to have the most direct impact as trade is primarily dollar-denominated.

Graph 2: Key policy rates in selected key economies



Sources: ECB, FRB, PBoC, RBI and Haver Analytics.

The Fed's current cautious approach presents a key challenge for the global oil market on two major fronts: the oil supply side and the strength of the US dollar (USD). On the supply side, the current high-interest rate environment increases the cost of capital, especially in the US market. This comes at a time when capital discipline mandates and shareholder activism are already limiting investment in exploration and production. On the USD front, maintaining interest rates at current levels supports the strength of the USD, resulting in higher commodity prices. The Fed's stance to defer a rate cut could potentially constrain the abilities of other major economies to reduce their policy rates further, thus subjecting their economies to inflationary pressures as they aim to avoid weakening their currencies relative to the USD.

Despite the aforementioned challenges, the global economy remains resilient. The downward trend in global inflationary pressures observed during much of 1H24 is expected to continue into 2H24. The growth seen in the US economy at 1.3% in 1Q24 is a major factor supporting potential rate cuts by the US Fed in the latter half of the year.

Overall, global economic growth for 2024 is forecast at 2.9%. This growth is expected to support a healthy oil demand environment, with demand projected to grow by 2.2 mb/d, y-o-y, to an average of 104.5 mb/d in 2024, up from 102.2 mb/d seen in 2023. On the supply side, the non-DoC liquids production is forecast to grow by 1.2 mb/d, y-o-y, averaging 53.0 mb/d in 2024, compared to 51.7 mb/d seen in 2023.

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Crude Oil Price Movements

In June, the OPEC Reference Basket (ORB) value fell slightly, decreasing by 37¢, or 0.4%, m-o-m, to stand at $83.22/b, amid mixed performance of ORB component-related crude benchmarks.

The ICE Brent's first-month contract was unchanged m-o-m, standing at $83.00/b in June, while NYMEX WTI rose by 8¢, or 0.1%, m-o-m, to average $78.70/b. DME Oman crude oil futures prices fell in June by $1.05, or 1.3%, m-o-m, to settle at $82.69/b.

The spread between the ICE Brent and NYMEX WTI first-month premium narrowed for the second consecutive month in June, as the value of international benchmark Brent futures weakened compared with WTI futures.

Speculative activity in the oil futures market was highly volatile in June, which contributed to fueling price volatility. Hedge funds and other money managers continued to further close bullish positions in the first week of June after the previous month's heavy selloff, with ICE Brent net long positions falling to their lowest point since 2014. However, the sentiment shifted among money managers in the second week of June amid increasing optimism about transportation fuel use during the summer driving season. Money managers raised the combined ICE Brent and NYMEX WTI net long position by 99.1% between the weeks of 4 and 25 June, buying the equivalent of 196 mb.

The forward curve of ICE Brent and NYMEX WTI strengthened in June compared with the previous month, and the nearest months' time spreads moved into stronger backwardation, despite volatile prices. Traders turned optimistic about market outlook, and selling pressure from speculators that had weighed on front-month prices eased. DME Oman and Dubai price structures softened but remained in backwardation.

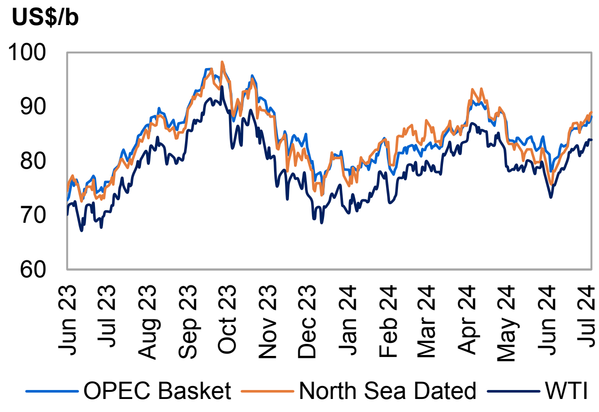
The price differential between sweet and sour crude narrowed further m-o-m in June in Europe and the US Gulf Coast (USGC), amid sustained availability of light sweet crude in the Atlantic Basin, while the margin spread between light and heavy distillate products stayed consistently narrow. Meanwhile, the spread widened slightly in Asia but remained notably low.

Crude spot prices

North Sea Dated and WTI values showed a recovery in the second half of June. This upward movement was primarily linked to strong purchasing activities, including from physical trading houses, and improved market sentiment regarding physical market fundamentals for these grades.

Despite these positive developments in the physical crude market, gains in spot prices were tempered by volatile futures markets. Both ICE Brent and NYMEX WTI futures faced selling pressure in the first week of June, reflecting traders' expectations and speculative activities. Additionally, a rise in US crude stocks in two out of the first three weeks of June, combined with a drop in refining margins, particularly gasoline margins, limited the upward momentum of light sweet spot benchmarks. In contrast, medium sour crude in the East of Suez market faced downward pressure due to increasing availability in the spot market, resulting in a decline in prices for medium sour grades.

Graph 1 - 1: Crude oil price movements



Sources: Argus, OPEC and Platts.

On a monthly average, the North Sea Dated-ICE Brent spread rose by 58¢ in June, settling at a discount of 60¢/b, compared with a discount of $1.18/b in May and a premium of 89¢/b in April.

In June, North Sea Dated and WTI's first month increased respectively by 58¢ and 30¢, or 0.7% and 0.4%, to settle at $82.40/b and $79.03/b. However, Dubai's first month fell by $1.50, or 1.8%, to settle at $82.61/b.

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

OPEC Reference Basket (ORB)	May 24	Jun 24	Change Jun 24/May 24	%	Year-to-date 2023	2024
ORB	**83.59**	**83.22**	***-0.37***	***-0.4***	**79.32**	**83.58**
Arab Light	85.60	85.31	*-0.29*	*-0.3*	81.17	85.29
Basrah Medium	81.58	81.96	*0.38*	*0.5*	76.41	81.71
Bonny Light	84.16	83.30	*-0.86*	*-1.0*	79.80	85.83
Djeno	74.37	74.95	*0.58*	*0.8*	72.17	76.50
Es Sider	81.27	81.15	*-0.12*	*-0.1*	78.68	83.44
Iran Heavy	84.13	83.65	*-0.48*	*-0.6*	79.58	83.45
Kuwait Export	85.15	84.91	*-0.24*	*-0.3*	80.70	84.39
Merey	70.55	69.23	*-1.32*	*-1.9*	59.35	69.93
Murban	84.10	82.51	*-1.59*	*-1.9*	79.92	83.41
Rabi Light	81.36	81.94	*0.58*	*0.7*	79.16	83.49
Sahara Blend	82.07	82.55	*0.48*	*0.6*	80.64	85.02
Zafiro	83.22	83.62	*0.40*	*0.5*	79.93	85.31
Other Crudes						
North Sea Dated	81.82	82.40	*0.58*	*0.7*	79.62	83.94
Dubai	84.11	82.61	*-1.50*	*-1.8*	78.88	83.29
Isthmus	77.38	76.85	*-0.53*	*-0.7*	67.66	77.33
LLS	81.44	81.88	*0.44*	*0.5*	77.26	81.70
Mars	79.16	79.84	*0.68*	*0.9*	73.69	79.16
Minas	89.27	87.14	*-2.13*	*-2.4*	77.77	87.55
Urals	65.43	67.62	*2.19*	*3.3*	48.59	67.16
WTI	78.73	79.03	*0.30*	*0.4*	74.76	78.92
Differentials						
North Sea Dated/WTI	3.09	3.37	*0.28*	-	4.86	5.01
North Sea Dated/LLS	0.38	0.52	*0.14*	-	2.37	2.24
North Sea Dated/Dubai	-2.29	-0.21	*2.08*	-	0.74	0.65

Sources: Argus, Direct Communication, OPEC and Platts.

Crude oil differentials of light sweet grades mostly strengthened in June, m-o-m, buoyed by firm demand in the spot crude market and reduced availability of prompt loading cargoes. Most North Sea crude differentials rose m-o-m in June, buoyed by demand from European refiners, including for sour crude. However, sustained high WTI crude flows to Europe and a further decline of gasoline margins in Europe limited gains by North Sea crudes. Forties and Johan Sverdrup crude differentials increased in June by 84¢ and $1.31, respectively, m-o-m, to settle at premiums of 2¢/b and $1.60/b.

West African crude differentials were mixed, as renewed demand from European and Asia Pacific buyers and strong middle distillate margins in Europe were partially mitigated by the availability of similar crude quality in the Atlantic Basin. On a monthly average, Bonny Light and Qua Iboe crude differentials to North Sea Dated declined by 22¢ and 12¢ respectively, to stand at premiums of 17¢/b and 56¢/b. However, Forcados and Cabinda differentials rose respectively, m-o-m, by 3¢ and 24¢ on average, to stand at premiums of $1.05/b and $1.80/b. In the Mediterranean, Caspian light sour CPC Blend and medium sweet Azeri Light strengthened against the North Sea Dated by 69¢ and 53¢, respectively, to stand at a discount of $2.30/b and a premium of $2.43. However, crude differentials of light sweet Saharan Blend weakened last month, falling by 51¢, m-o-m, to stand at a discount of 85¢/b.

In the Middle East spot market, several crude differentials weakened again against the Dubai benchmark. The Oman crude differential declined by 73¢, m-o-m, to a premium of 82¢/b.

In the USGC, Light Louisiana Sweet (LLS) and Mars sour differentials rose slightly against the WTI benchmark in June, m-o-m, increasing by 8¢ and 33¢, respectively, to stand at premiums of $2.84/b and 78¢/b.

OPEC Reference Basket (ORB) value

The ORB value fell slightly in June, decreasing by 37¢, or 0.4%, m-o-m, to stand at $83.22/b, amid mixed performance by ORB component-related crude benchmarks. A decline in most official selling prices (OSPs), mainly of medium and heavy sour crudes exported to Asia, offset the higher OSP values of sweet grades and limited the rise in ORB value. Compared with the previous year, the ORB was up by $4.27, or 5.4%, from $79.32/b in 2023, to an average of $83.58/b so far this year.

ORB component values showed mixed movement in June. West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend and Zafiro – rose by an average of 18¢, or 0.2%, m-o-m, to $81.25/b, while multiple-region destination grades – Arab Light, Basrah Medium, Iran Heavy and Kuwait Export – decreased on average by 16¢, or 0.2%, m-o-m to settle at $83.96/b. Murban crude declined m-o-m by $1.59, or 1.9% on average, to settle at $82.51/b. The Merey component fell m-o-m by $1.32, or 1.9% on average, to settle at $69.23/b.

The oil futures market

Crude oil futures prices were little changed m-o-m in June, despite elevated volatility that was fueled by massive changes in speculative positions across the month. Crude oil futures prices extended their decline in the first week of June to four-month lows amid heavy selloffs in futures markets from speculators. In the week ending 4 June, hedge funds and other money managers sold an equivalent of 151 mb in the two major markets ICE Brent and NYMEX WTI. Speculators using trend-following algorithms fueled the selloff and consequently accelerated the price decline.

Traders' perceptions of diminishing geopolitical risk and a persistent narrative about the oil demand outlook further contributed to the downward price momentum. Market sentiment was additionally dampened by mixed economic data from the US and China, along with comments from the US Federal Reserve (the Fed) indicating it was too early to consider rate cuts. Moreover, US Energy Information Administration (EIA) weekly data reported weak fuel demand in the US and an unexpected build in gasoline and distillate stocks amid the onset of the summer holiday and driving season, which added downward pressure. Money managers fueled the price decline that started in May, selling an equivalent of 295 mb of oil between 30 April and 4 June, or the equivalent of 60% of their net long positions.

However, oil futures prices rebounded in the second week of June and continued to recover gradually in the second half of the month to levels recorded in late April and early May. The recovery was primarily driven by a change in market sentiment on the global oil supply and demand outlook and by a technical correction, as speculators looked to close a large volume of short positions. Money managers closed about 43% of short positions, or an equivalent of 97 mb of oil, between 4 and 25 June.

Upward price momentum was further supported by a risk-on sentiment in broader financial markets, the European Central Bank's (ECB’s) decision to cut interest rates, and weaker-than-expected US retail sales data in May, which increased the likelihood of the Fed cutting interest rates next quarter.

Additionally, the physical market in the Atlantic Basin showed growing signs of strength following renewed demand from European refiners as the heavy maintenance season ended.

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

			Change		*Year-to-date*	
Crude oil futures	**May 24**	**Jun 24**	**Jun 24/May 24**	**%**	**2023**	**2024**
NYMEX WTI	78.62	78.70	0.08	0.1	74.77	78.81
ICE Brent	83.00	83.00	0.00	0.0	79.91	83.42
DME Oman	83.74	82.69	-1.05	-1.3	78.85	83.40
Spread						
ICE Brent-NYMEX WTI	*4.38*	*4.30*	*-0.08*	*-1.8*	*5.14*	*4.61*

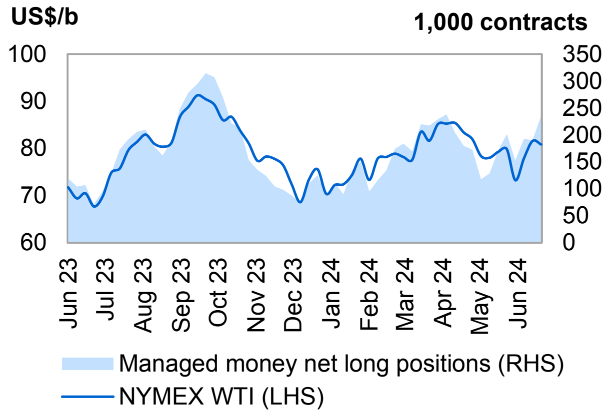
Note: Totals may not add up due to independent rounding.
Sources: CME, DME, ICE and OPEC.

In June, ICE Brent's first-month contract was unchanged m-o-m, standing at $83.00/b, while NYMEX WTI rose by 8¢, or 0.1%, m-o-m, to average $78.70/b. Y-t-d, ICE Brent was $3.51, or 4.4%, higher at $83.42/b, and NYMEX WTI was higher by $4.04, or 5.4%, at $78.81/b, compared with the same period a year earlier. DME Oman crude oil futures prices fell in June by $1.05, or 1.3%, m-o-m, to settle at $82.69/b. Y-t-d, DME Oman was higher by $4.55, or 5.8%, at $83.40/b.

The spread between the ICE Brent and NYMEX WTI first-month premium narrowed for the second consecutive month in June, as the value of international benchmark Brent futures weakened compared with WTI futures. The value of ICE Brent was under pressure due to heavy selling in related futures and options contracts. A well-supplied light sweet crude market in the Atlantic Basin weighed on the value of Brent. Meanwhile, lower crude stocks at Cushing lent some support to NYMEX WTI. The ICE Brent-NYMEX WTI first month spread narrowed by 8¢ in June compared with the May average to stand at $4.30/b. However, the spread between North Sea Dated and WTI Houston widened last month, rising by 32¢ to a premium of $2.02/b, making US crude exports more competitive in Europe.

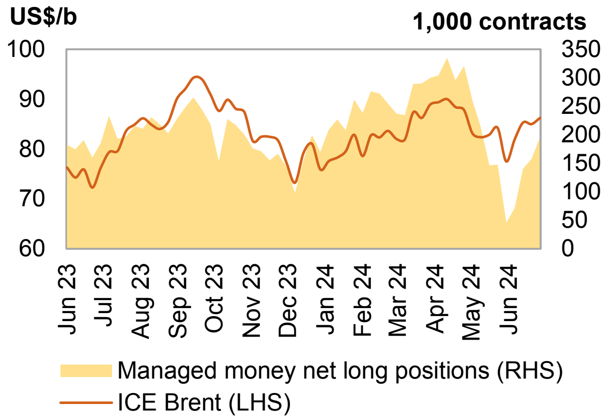
Speculative activity in the futures market was highly volatile in June, which fueled price volatility. Hedge funds and other money managers continued to further close bullish positions in the first week of June after the previous month's heavy selloff, with ICE Brent net long positions falling to their lowest point since 2014, as speculators appeared to bet on lower prices amid a market narrative of an uncertain economic and oil demand outlook. Selling pressure was more pronounced in ICE Brent futures and options compared with NYMEX WTI. Speculators sharply raised short positions and reduced long positions. However, the perception of market fundamentals and sentiment among money managers shifted in the second week of June increasing optimism about stronger transportation fuel use during the holiday driving season. Money managers rushed to close the large volume of short positions accumulated over the previous weeks, which contributed to supporting oil prices. After falling to a six-month low in early June, the combined ICE Brent and NYMEX WTI net long position recovered in the week of 25 June to early May levels. Money managers raised the combined ICE Brent–NYMEX WTI net long position by 99.1% between the weeks of 4 and 25 June, buying the equivalent of 196 mb.

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



Sources: CFTC, CME and OPEC.

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



Sources: ICE and OPEC.

Money managers raised combined futures and options net long positions related to ICE Brent by 10,618 contracts, or 7.2%, between the weeks of 28 May and 25 June, to stand at 158,371 lots in the week of 25 June, according to the ICE Exchange. This is mainly due to the decrease in short positions. In the week ending 25 June, gross short positions fell by 16,292 lots, or 14.1%, compared with the week of 28 May, to stand at 99,189 contracts. At the same time, gross long positions fell by 5,674 lots, or 2.2%, to 257,560 contracts during the same period.

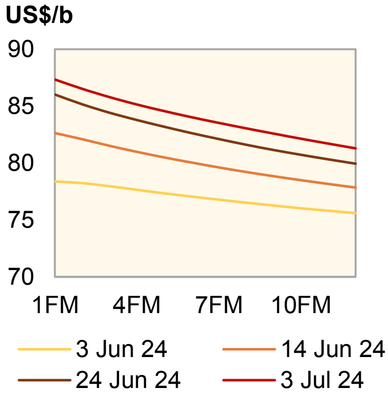
NYMEX WTI futures and options net long positions rose by 34,387, or 17.1%, between the weeks of 28 May and 25 June, according to the US Commodity Futures Trading Commission (CFTC). During the same period, gross long positions rose by 28,814 lots, or 12.1%, to 267,671 contracts, while gross short positions declined by 5,573 lots, or 14.9%, to 31,855 contracts.

Total futures and options open interest volumes on the two exchanges fell between the weeks of 28 May and 25 June, decreasing by 2.4%, or 126,293 contracts, m-o-m, to stand at 5.1 million contracts in the week ending 25 June. The decline in open interest was mainly seen in NYMEX WTI futures and options contracts.

The futures market structure

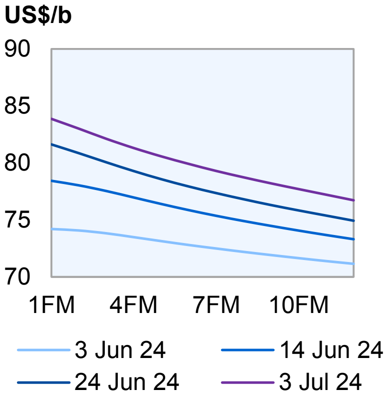
The forward curve of ICE Brent and NYMEX WTI strengthened in June compared with the previous month, and the nearest-month time spreads moved into stronger backwardation despite volatile prices. Traders turned optimistic about the supply/demand balance outlook, and selling pressure from speculators that weighed on front-month prices eased. Moreover, renewed demand for prompt loading cargoes in the Atlantic Basin, specifically from European and Asia Pacific buyers, helped reduce the high availability of light sweet crude. This, along with the prospect of lower loading programmes in the North Sea and the Caspian, supported the value of first-month contracts compared with forward months. DME Oman and Dubai's price structure softened but remained in backwardation. Softening demand from some Asia Pacific refiners for prompt loading of medium sour crudes and favourable west-to-east arbitrage weighed on front-month prices, although strong refining margins in Singapore, including high-sulfur fuel oil margins, limited the decline of prompt month contracts.

Graph 1 - 4: ICE Brent forward curves



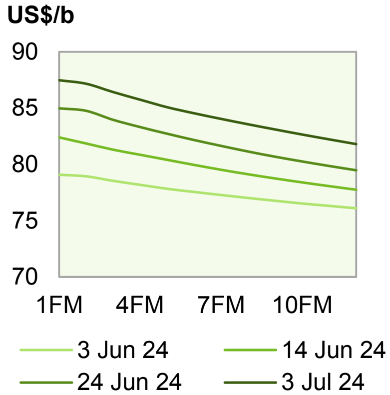
Sources: ICE and OPEC.

Graph 1 - 5: NYMEX WTI forward curves



Sources: CME and OPEC.

Graph 1 - 6: DME Oman forward curves



Sources: DME and OPEC.

The ICE Brent first-month premium to the third month increased m-o-m by 37¢ to a backwardation of $1.22/b from a backwardation of 85¢/b in May. The ICE Brent M1-M6 moved into wider backwardation last month to settle at $2.72/b on average, compared with a backwardation of $2.37/b the previous month.

The NYMEX WTI price structure also strengthened, with the nearest time spread widening, as firm demand from US refiners and a draw in crude stocks buoyed the value of the first-month contract. The NYMEX WTI first-to-third month backwardation widened by 23¢ to stand at $1.13/b on average in June, compared with a backwardation of 90¢/b in May.

However, the backwardation structure of DME Oman flattened slightly, as prompt month prices faced downward pressure due to soft demand for medium sour crude in the spot market from Asia Pacific buyers. This is in addition to the availability of competing grades in the Atlantic Basin amid favourable west-to-east arbitrage economics. The DME Oman's first-to-third month backwardation contracted by 13¢ to stand at 89¢/b on average in June, compared with a backwardation of $1.01/b in May.

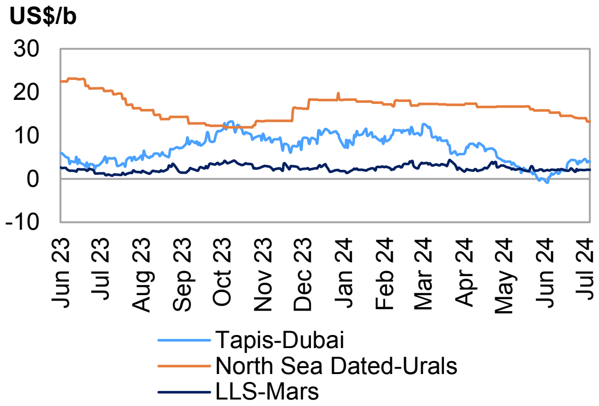
Regarding the M1/M3 structure, the North Sea Dated and WTI M1/M3 spreads widened in June on a monthly average by 62¢ and 25¢, respectively, to a backwardation of 88¢/b and $1.22/b. Meanwhile, the Dubai M1/M3 backwardation contracted in June by 62¢ to 88¢/b, compared with a backwardation of $1.61/b in May.

Crude spreads

The price differential between sweet and sour crude further narrowed in June in Europe and the USGC, while widening slightly in Asia but remaining notably low compared with May. The margin spread between light and heavy distillate products stayed consistently narrow. Weak gasoline margins negatively impacted the value of light sweet crude, and the gasoline-high sulfur fuel oil (HSFO) spread narrowed in major refining hubs. The high availability of light sweet crude for the June and July cycles, particularly from the US, contributed to this contraction. However, in Asia, sweet/sour crude differentials widened slightly amid the lower value of medium sour crude.

In Europe, the value of sour crude continued to strengthen compared with light sweet crude, despite a rebound in light sweet prices. A tight supply of sour crude in Europe and firm demand for fuel oil, along with higher fuel oil margins, supported the value of sour crude. Meanwhile, light sweet crude values also rose, though the high availability of light sweet crude in the Atlantic Basin and Northwest Europe, including from the USGC, limited gains. This is in addition to a decline in gasoline and naphtha margins in Northwest Europe. Gasoline margins in Europe fell by about $4/b m-o-m in June.

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



Sources: Argus, OPEC and Platts.

The value of light sweet crude Ekofisk against medium sour crude Johan Sverdrup narrowed by $1.23 to stand at a discount of 13¢/b on average in June, compared with a premium of $1.10/b in May, due to a sharp rise in the value of Johan Sverdrup. The spread between the Urals and the North Sea Dated also narrowed by $1.61 m-o-m to a discount of $14.78/b in June.

In the USGC, the LLS premium over medium sour Mars also narrowed in June by 24¢/b m-o-m to $2.04/b. Medium sour crudes, including Mars sour, were supported by firm demand from domestic refiners in the USGC and stronger diesel margins, while light sweet crudes such as LLS came under pressure due to the high availability of light sweet crude in the region, a sharp decline in gasoline margins and weaker naphtha margins.

In Asia, the Tapis/Dubai spread widened slightly in June as the value of sour crude fell more than for light sweet crude. The light sweet Tapis premium over medium sour Dubai widened by 32¢ to stand at $2.36/b. The East of Suez medium sour crude market came under pressure due to soft demand from some Asia Pacific refiners, which weighed on the price structure of Dubai. This is despite weaker gasoline margins in Singapore and a competitive light sweet crude market in the Atlantic Basin, which weighed on the value of light sweet crude in Asia Pacific. Despite a rebound in the value of Brent's Exchange Futures for Swaps (EFS) to Dubai in the second half of June from low levels registered in May, west-to-east crude arbitrage remained favourable and Brent-related grades in the Atlantic Basin remained attractive to Asia-Pacific refiners. On a monthly average, the Brent/Dubai EFS spread narrowed by 15¢/b in June, m-o-m, to stand at a premium of $1.12/b.

Commodity Markets

Commodity price indices diverged for a second consecutive month in June. The energy price index rebounded after two consecutive months of losses, while the base and precious metals indices fell, after three consecutive months of gains.

In the futures market, sentiment improved in June, particularly around energy commodities. Combined money managers' net length rose for a second consecutive month; however, open interest dropped over the same period.

Seasonal demand increases continued to support energy commodity prices; however, global macroeconomic uncertainties, coupled with mixed performances in global industrial activity, capped gains and put downward pressure on non-energy prices.

Trends in selected commodity markets

The energy price index rebounded in June after two consecutive months of losses. The index rose by 1.1%, m-o-m. This was on the back of strong natural gas prices in the US and EU. Gains were partially offset by the underperformance of coal and average crude oil prices over the same period. The index was up by 9.0%, y-o-y, supported by average crude oil and natural gas prices, which were partially offset by lower coal prices.

Table 2 - 1: Commodity prices

Commodity	Unit	*Monthly averages*			*% Change*	*Year-to-date*	
		Apr 24	May 24	Jun 24	Jun 24/May 24	2023	2024
Energy*	Index	**109.6**	**102.6**	**103.8**	**1.1**	**105.8**	**103.9**
Coal, Australia	US$/mt	135.0	142.0	135.1	-4.9	201.1	132.1
Crude oil, average	US$/b	88.0	81.4	81.2	-0.3	77.8	82.1
Natural gas, US	US$/mbtu	1.6	2.1	2.5	17.9	2.4	2.1
Natural gas, Europe	US$/mbtu	9.1	10.1	10.9	7.4	14.1	9.4
Non-energy*	Index	**115.6**	**115.1**	**113.6**	**-1.3**	**112.0**	**111.5**
Base metal*	Index	**118.3**	**124.8**	**119.2**	**-4.5**	**113.2**	**112.9**
Precious metals*	Index	**175.8**	**179.0**	**177.6**	**-0.8**	**146.8**	**166.4**

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

Average crude oil prices declined for a second consecutive month in June, falling by 0.3%, m-o-m. Bullish sentiment in the futures market was offset by mixed signals from market fundamentals. Nonetheless, prices were up by 10.8%, y-o-y.

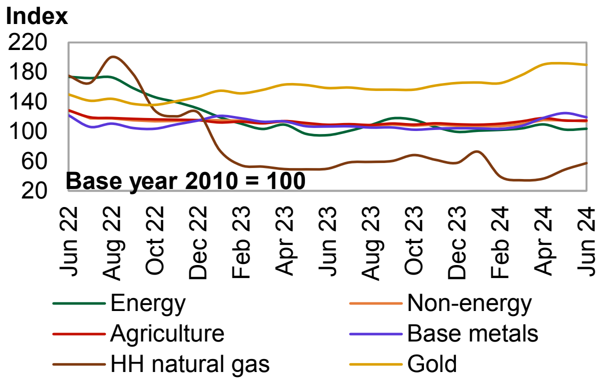
Henry Hub's natural gas prices rose for a fourth consecutive month in June, increasing by 17.9%, m-o-m. Prices averaged $2.5/mmbtu, the highest level since January of this year. Prices were supported by lower production and supply risk concerns amid extreme weather. Moreover, US LNG demand continued to show signs of improvement as operations at the Freeport LNG export terminal returned to normalcy. Prices were up by 15.1%, y-o-y.

Natural gas prices in Europe rose for a fourth consecutive month. The average Title Transfer Facility (TTF) price went from $10.1/mmbtu in May to $10.9/mmbtu in June, a 7.4% increase, m-o-m. According to data from Gas Infrastructure Europe, EU storage levels were at 77.4% capacity as of 30 June. However, renewed concerns over supply risk during the summer season due to maintenance outages at key Norwegian facilities, coupled with greater competition for LNG from Asian buyers, added upward pressure to prices. Prices were up by 5.0%, y-o-y.

Australian thermal coal prices receded in June after three consecutive months of increases, falling by 4.9%, m-o-m. Prices fell amid reports of rising coal inventories at Chinese ports. Nonetheless, higher cooling demand from India, the world's second-largest coal importer, partially offset the losses, as utilities there replenished inventories in preparation for the summer season. Prices were down by 3.1%, y-o-y.

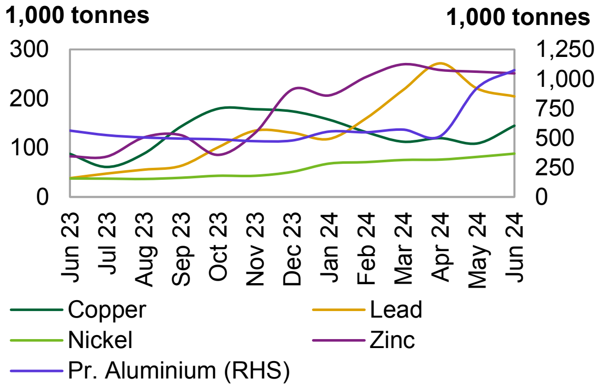
The non-energy price index fell in June after four consecutive months of gains, dropping by 1.3%, m-o-m. The agriculture index edged up by 0.1%, m-o-m, while the base metal index fell over the same period. The non-energy price index was up by 3.3%, y-o-y.

Graph 2 - 1: Major commodity price indices



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

Graph 2 - 2: Inventories at the LME



Sources: London Metal Exchange (LME), Thomson Reuters and OPEC.

The base metal index receded in June after three consecutive months of increases, falling by 4.5%, m-o-m, dragged down by a mixed performance in global industrial activity. The global manufacturing PMI remained essentially flat at 50.9 in June, compared with May, albeit still in expansionary territory. China's manufacturing PMI rose to 51.8 in June, up from 51.7 in May. Elsewhere, the EU manufacturing PMI weakened in June to 45.8, down from 45.7 in May. The base metal index was up by 66.5%, y-o-y.

Aluminium prices declined in June after three consecutive months of gains, falling by 2.6%, m-o-m. Prices were up by 14.9%, y-o-y. LME warehouse inventories rose by 16.1%, m-o-m, while they were up by 91.2%, y-o-y. Cancelled warrants rose for a third consecutive month in June, up by 56.0%, m-o-m, and were higher by more than 100%, y-o-y. On-warrants fell by 8.9%, m-o-m, in June, more than 100%, but they were up by 69.7%, y-o-y.

Copper prices fell in June, declining by 4.8%, m-o-m, and were down by 14.9%, y-o-y. At LME warehouses, inventories fell in June by 32.9%, m-o-m, and were up by 65.0%, y-o-y. Cancelled warrants fell for a second consecutive month by 63.5%, m-o-m, in June, and were down by 87.8%, y-o-y. On-warrants rose by 46.5%, m-o-m, in June, and were up by more than 100%, y-o-y.

Nickel prices fell sharply in June after four consecutive months of gains, declining by 10.7%, m-o-m. Prices were down by 17.6%, y-o-y. At LME warehouses, inventories rose for a third consecutive month, increasing by 8.0%, m-o-m, and were up by more than 100%, y-o-y. Cancelled warrants fell for a second consecutive month in June, down by 11.1%, m-o-m, and were higher by 73.1%, y-o-y. On-warrants rose by 9.2%, m-o-m, in June and were up by more than 100%, y-o-y.

Zinc prices receded in June after three consecutive months of increases, falling by 5.1%, m-o-m. Prices were down by 18.3%, y-o-y. At LME warehouses, inventories decreased for a second consecutive month, falling by 1.3%, m-o-m, however, they were up by more than 100%, y-o-y. Cancelled warrants fell by 22.0%, m-o-m, in June, however, they were up by more than 100% y-o-y. On-warrants rose by 1.7%, m-o-m, but they were up by more than 100%, y-o-y.

Lead prices declined in June after two consecutive months of gains, falling by 3.3%, m-o-m, but they were up by 1.1%, y-o-y. At LME warehouses, inventories decreased for a second consecutive month, falling by 7.1%, m-o-m, but were up by more than 100%, y-o-y. Cancelled warrants fell sharply for a second consecutive month in June, declining by 55.5%, m-o-m, but were up by more than 100%, y-o-y. On-warrants rose by 13.6%, m-o-m, and were up by more than 100%, y-o-y.

Iron ore prices receded in June, falling by 9.6%, m-o-m, and were down by 5.3%, y-o-y. China's steel industry PMI fell in June to 47.80, down from 49.80 in May, a decrease of 4.0%, m-o-m, and a 4.2% drop, y-o-y.

The precious metals index fell after three consecutive months of gains, declining by 0.8%, m-o-m. Gold and platinum prices fell in June by 1.1% and 2.6%, m-o-m, respectively. Silver prices continued to advance over the same period, increasing by 0.7%, m-o-m. Lower speculative activity and a stronger US dollar weighed on gold prices in June, but fundamentals remained supportive. The precious metal index was up by 20.5% y-o-y; gold, silver and platinum prices were also up by 19.7%, 26.3%, and 1.5%, y-o-y, respectively.

Investment flows into commodities

Combined money managers' net length rose for a fourth consecutive month in June, increasing by 14.7%, m-o-m. Net length rose in all selected commodities in June. The combined net length was up by more than 100%, y-o-y, as all selected commodities showed improvements.

Combined open interest (OI) fell for a second consecutive month in June, decreasing by 6.9%, m-o-m. OI fell in all selected commodities in June. Meanwhile, combined OI was up by 4.2%, y-o-y, supported by increases in copper, gold, and natural gas, but partially offset by a drop in crude oil.

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

Selected commodity	Open interest		Long		Short		Net length			
	May 24	Jun 24	May 24	Jun 24	May 24	Jun 24	May 24	% OI	Jun 24	% OI
Crude oil	2,228	2,143	220	232	65	39	155	7	193	9
Natural gas	1,560	1,489	215	211	218	178	-3	0	33	2
Gold	860	730	202	196	25	13	177	21	183	25
Copper	414	352	135	110	66	61	69	17	48	14

Note: Data on this table is based on a monthly average.
Open interest includes both commercial and non-commercial positions.
Sources: CFTC and OPEC.

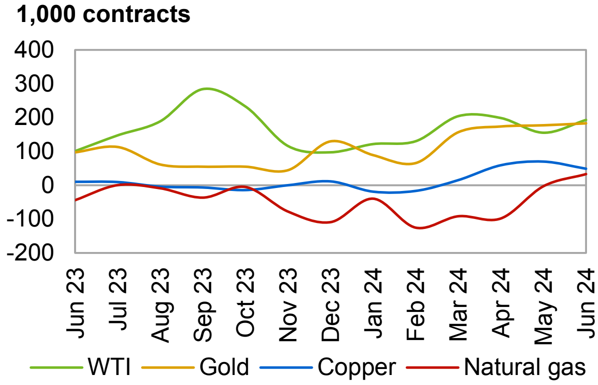
Crude oil (WTI) OI decreased for a second consecutive month in June, falling by 3.8%, m-o-m. Meanwhile, money managers increased net length by 24.4%, m-o-m. OI was down by 8.7%, y-o-y, while money managers' net length was up by 92.9%.

Natural gas (Henry Hub) OI experienced a consecutive monthly decrease in June, falling by 4.5%, m-o-m. Meanwhile, money managers increased net length for a second consecutive month, rising by more than 100%, m-o-m. OI was up by 11.9%, y-o-y, and net length was up by more than 100% over the same period.

Gold's OI decreased for a second consecutive month in June, falling by 15.1%, m-o-m. Meanwhile, money managers increased net length by 3.3%, m-o-m. OI was up by 18.9%, y-o-y, and net length was up by 88.8%.

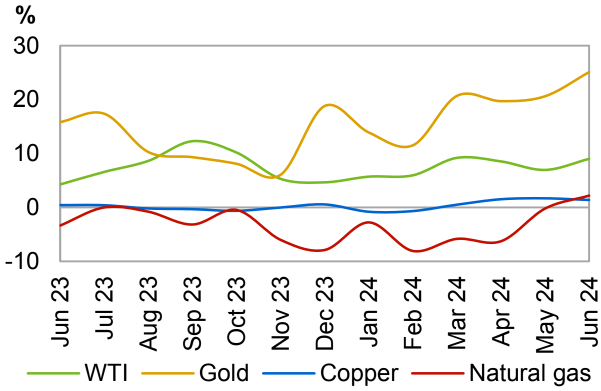
Copper's OI rose in June after five consecutive months of increases, falling by 15.0%, m-o-m. Money managers cut net length by 30.3%, m-o-m. OI was up by 53.1%, y-o-y, and net length was up by more than 100%.

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



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

World Economy

Economic growth momentum in major economies remained resilient in 1H24. This trend supports an overall positive growth trajectory in the near term. Consequently, the global economic growth forecast for 2024 has been revised up slightly to 2.9%. While there is potential for further growth, the forecast for 2025 remains unchanged at 2.9%.

Within the OECD, steady momentum in US private household consumption is anticipated to sustain stable growth projections consistent with current annual trends. Despite some ongoing weaknesses in Japan, the softness observed in 1Q24 is expected to rebound. Economic growth in the Eurozone has exceeded expectations in 1H24, driven by real income growth, an anticipated recovery in tourism with the onset of summer, and a gradual rebound in industrial production.

In non-OECD economies, India and China maintained solid momentum in 1H24. Additionally, growth figures for Russia and Brazil remain robust, contributing to a steady growth outlook for the four major emerging economies into 2025.

Despite some downside risks, the momentum observed in non-OECD economies since the beginning of the year, coupled with a rebound in OECD economies, could potentially create an additional upside for global economic growth in 2024 and carry over into 2025. Moreover, major central banks are expected to shift towards more accommodative monetary policies in 2H24 and throughout 2025, particularly in the US, the Eurozone, and the UK, which may further support global growth in the near term. However, the trajectory of monetary policies will depend significantly on inflationary developments and potential shifts in focus by central banks towards supporting economic growth, especially in advanced economies.

It is important to note that global economic growth and all regional aggregations are based on the most recently published 2021 purchasing power parity (PPP) levels, as reported by the World Bank's International Comparison Programme (ICP). Based on these findings, the weight of non-OECD economies has been marginally increased by more than one percentage point, while OECD economies have been adjusted downward by a corresponding magnitude.

Table 3 - 1: Economic growth rate and revision, 2024–2025*, %

	World	US	Eurozone	Japan	China	India	Brazil	Russia
2024	**2.9**	**2.2**	**0.7**	**0.3**	**4.9**	**6.6**	**1.8**	**3.1**
Change from previous month	0.1	0.0	0.2	0.0	0.1	0.0	0.0	0.2
2025	**2.9**	**1.9**	**1.2**	**0.9**	**4.6**	**6.3**	**1.9**	**1.5**
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1

*Note: * 2024-2025 = Forecast. The GDP numbers have been adjusted to reflect 2021 ppp.*

Source: OPEC.

Update on the latest global developments

Steady global economic growth momentum continued in 1H24, buoyed by stronger-than-expected performance in the BRIC economies and a rebound in Eurozone growth. In the US, economic growth for 1Q24 was reported at 1.4% on a quarter-on-quarter seasonally adjusted annual rate (q-o-q SAAR). Japan's economic growth contracted more than initially forecast, declining by 2.9%, q-o-q, SAAR in the same period, with recent revisions reflecting a sharp downturn. The Eurozone recorded a 1.3%, q-o-q, SAAR expansion in 1Q24, surpassing expectations but remaining relatively modest. The non-OECD economies exhibited robust growth dynamics, with China recording 5.3% annual growth in 1Q24, India at 7.8%, Russia at 5.4%, and Brazil showing 2.5%. Overall, the global growth outlook for 2Q24 remains resilient, supported by these trends, with expectations of some rebound in OECD activity from the subdued levels seen in 1Q24, while strong non-OECD performance is anticipated to moderate only slightly.

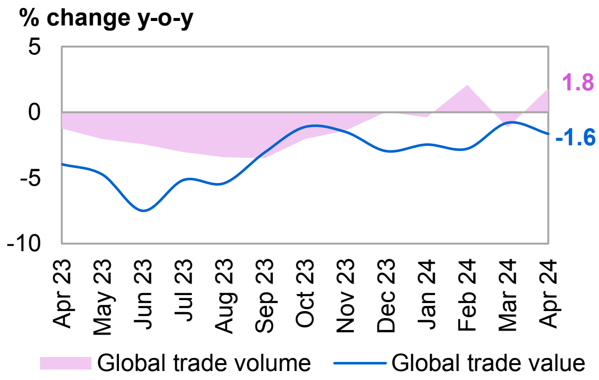
Over the past two years, inflation has been a central topic of discussion. The path of inflation has significantly impacted monetary policies, real-income growth and disposable income for consumers. Positively, in the last 18 months, headline inflation has notably decreased across major economies. Core inflation rates, which are pivotal for central banks, have also declined, though they remain relatively high, particularly in the US, the UK, and to some extent the Eurozone. As of the latest data in May, core inflation stood at 3.4%, y-o-y, in the US; 3.5%, y-o-y, in the UK; and 2.8%, y-o-y, in the Eurozone. Although these levels exceed the general inflation target of 2% set by respective central banks, they are gradually approaching the target, prompting speculation about more accommodative monetary policies by major central banks.

In the meantime, the European Central Bank (ECB) initiated a 25-basis-point reduction in interest rates during its June meeting, with indications of potential further cuts in 2H24. In contrast, the US Federal Reserve's (the Fed's) chairperson recently emphasized the need for additional evidence of cooling price pressures and labour market conditions before considering interest rate cuts. Meanwhile, the Bank of England (BoE) is also expected to decrease interest rates in 2H24, while the Bank of Japan (BoJ) is on a different path, having pursued an exceptionally accommodative monetary policy up to the beginning of this year. It will now likely lift interest rates to bring down inflation and support the soft yen. However, this move is challenging given Japan's current low economic growth rate. In high-growth emerging economies, Brazil implemented stricter monetary policies as early as 2021, providing its central bank with ample room to support the economy and initiate monetary easing ahead of other major central banks. India has seen significant a reduction in headline inflation over the past 12 months, potentially allowing its central bank to lower key policy rates, though this may not materialize soon due to sustained high economic growth rates. Facing challenges in its property sector and domestic consumption, China has gradually supported its economy through monetary policy measures and is likely to adopt a more accommodative stance in 2H24. In contrast, the Russian central bank has maintained tight monetary policies to control inflation, support the rouble, and prevent a further rise in inflation amid robust underlying economic growth, distinguishing it from its counterparts in emerging economies.

Global trade exhibited a gradual improvement in volume terms in April, up by 1.8%, y-o-y, following a decline in March, when it fell by 1.2%, y-o-y.

Conversely, trade value declined by 1.6%, y-o-y, in April, following a 0.8%, y-o-y, decrease in March. These insights are based on data from the CPB World Trade Monitor Index, sourced from the CPB Netherlands Bureau for Economic Policy Analysis.

Graph 3 - 1: Global trade



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

Near-term global expectations

After a relatively soft growth trend in OECD economies in 1Q24, a rebound is anticipated in 2Q24, with momentum expected to continue through to year-end. Meanwhile, the strong growth momentum in non-OECD economies in 1Q24 is forecasted to gradually normalize throughout the remainder of the year, while maintaining robust levels. These trends support a steady global growth dynamic, forecast to maintain a consistent pace in 2024 and 2025. Global economic growth stood at 2.9% in 1Q24, and projections indicate balanced annual growth of nearly 3% on average for the remaining three quarters of 2024. Economic growth is expected to remain robust in 2025, driven by ongoing expansion in the OECD, excluding the US, and sustained strong growth in major non-OECD economies. Average quarterly growth rates for 2025 are projected to remain relatively steady, averaging about 2.9%, with a potential increase to 3% in 2H25, consistent with earlier forecasts.

From a sectoral perspective, industrial output in advanced economies has shown weakness so far this year, while non-OECD economies have seen ongoing improvements in their industrial sectors. In OECD economies, industrial output is projected to gradually increase after subdued levels were observed since the beginning of the year. Globally, the services sector is maintaining steady momentum and is expected to remain the key contributor to economic growth in both 2024 and 2025, bolstered by stable support from the travel and tourism industries. Geographically, economic growth in 2024 and 2025 is anticipated to be supported by China, India and to some extent the US. Additional contributions come from Brazil and Russia. The Eurozone and Japan are also expected to experience further rebounds, albeit at lower growth rates, thereby contributing less to overall global economic growth.

Anticipating a sustained decline in consumer price levels across major economies, key central banks are likely to shift towards more accommodative monetary policies by 2H24 and throughout 2025, excluding the BoJ and potentially the Central Bank of Russia. However, uncertainties remain, especially concerning the near-term path of core inflation.

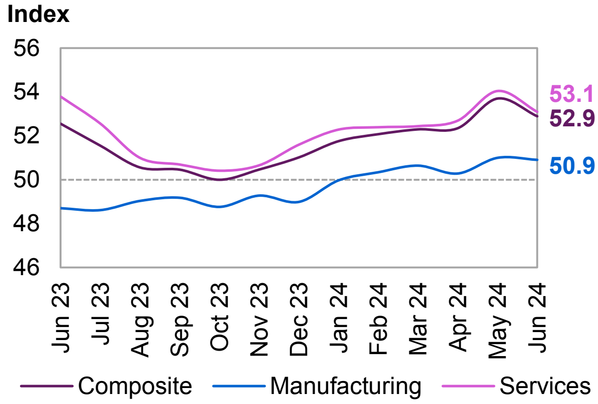
Supported by monetary easing and increased real income, amidst the easing of global inflationary pressures, there is potential for economic growth to strengthen in both 2024 and 2025. Emerging economies such as India, Brazil and Russia may exceed expectations due to improving domestic demand and expanding trade activities. China's growth could also benefit from sustained strong exports and potential government initiatives aimed at boosting domestic economic activity. OECD economies, expected to rebound in 2H24, may experience a stronger-than-anticipated acceleration, driven not only by their robust services sectors but also by a recovery in industrial output. Furthermore, global trade is anticipated to contribute positively to growth in both 2024 and 2025.

In June, global purchasing managers' indices (PMIs) showed a stable dynamic in the manufacturing sector, supported by sustained momentum in emerging economies. However, there was a softening in the global PMI for the services sector.

The global manufacturing PMI held steady at 50.9, maintaining a similar level to May's reading of 51 and showing an improvement from April's figure of 50.3.

The global services sector PMI retracted by 0.9 index points to reach 53.1 in June, following May's reading of 54 and April's figure of 52.7.

Graph 3 - 2: Global PMI



Sources: JP Morgan, S&P Global and Haver Analytics.

Global economic growth in 1Q24 surpassed expectations, particularly in the BRIC economies, but fell short in the US and Japan. However, with anticipated rebounds in these major economies, especially in 2H24, alongside continued robust growth in the BRIC nations and steady momentum in the Eurozone, global economic growth has been revised up slightly to 2.9%.

Looking ahead to 2025, the economic growth forecast remains steady at 2.9%, consistent with the estimate from the previous month.

Table 3 - 2: World economic growth rate and revision, 2024–2025*, %

	World
2024	**2.9**
Change from previous month	0.1
2025	**2.9**
Change from previous month	0.0

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

OECD

US

Update on the latest developments

In the latest update, US economic growth for 1Q24 was revised up to 1.4%, q-o-q, SAAR in the third and final release by the Bureau of Economic Analysis (BEA). This adjustment compares with the previous estimate of 1.3%, q-o-q, SAAR and the initial estimate of 1.6%. Despite temporary factors like inventory drawdowns and a decline in net exports, which are expected to rebound in 2Q24 and beyond, growth was softer than anticipated. Inventory drawdowns shaved off 0.4 pp from growth, while net trade had a negative impact of 0.7 pp in 1Q24. However, private household consumption in the final reading remained subdued, growing at 1.5%, q-o-q, SAAR, following a previous estimate of 2%, q-o-q, SAAR and an initial estimate of 2.5%, q-o-q, SAAR. The soft beginning to the year prompted the Atlanta Fed to revise down its estimate for 2Q24 economic growth to 1.8%, q-o-q, SAAR in early July. These indicators point to a slowdown in US economic growth not only in 1H24 but also throughout the year compared with 2023. Moreover, business and consumer confidence indicators showed weakness or remained subdued in June. Industrial production (IP) improved, but continued to show relative weakness, while inflation, supported by ongoing strength in the services sector, persisted, albeit with a slight retreat.

In May, IP reported by the Fed on a seasonally adjusted basis rose by 0.1%, y-o-y, rebounding from a decline of 0.8%, y-o-y, in April. Manufacturing orders also showed relatively stronger growth, increasing by 0.9%, y-o-y, in both May and April, following rises of 1.5%, y-o-y, in March and 0.8%, y-o-y, in February, as reported by the Bureau of the Census on a seasonally adjusted basis. Meanwhile, the consumer confidence index, reported by the Conference Board, remained nearly unchanged in June, standing at a level of 100.4 compared with 101.3 in May. This followed a notable drop in April when it registered 97.5.

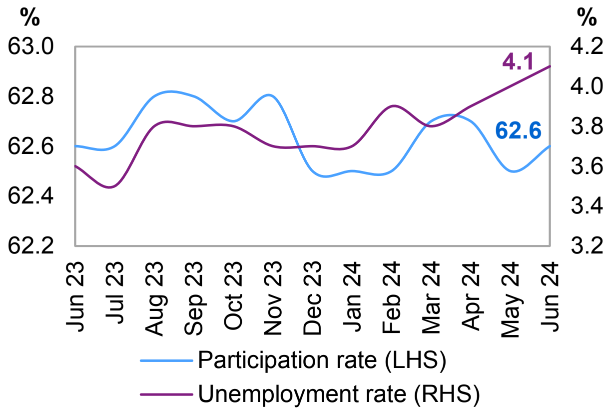
Headline inflation continued to decline in May, standing at 3.3%, y-o-y, compared with 3.4%, y-o-y, in April and 3.5%, y-o-y, in March. Core inflation also showed a notable decrease of 0.2 pp, dropping to 3.4%, y-o-y, from 3.6%, y-o-y, in April, and down from 3.8%, y-o-y, in both March and February. The Fed's preferred inflation measure, core personal consumption expenditures (PCE), also decreased in May to 2.6%, y-o-y, following three consecutive months at 2.8%, y-o-y. Housing costs remained a significant driver of elevated inflation, increasing by 5.4%, y-o-y, in May, slightly lower than the 5.5%, y-o-y, seen in April and 5.7%, y-o-y, in March, contributing nearly two-thirds to headline inflation.

In June, the labour market showed a slight and continued weakening trend. The unemployment rate edged up marginally to 4.1%, compared with 4% in May and 3.9% in April.

The participation rate rose to 62.6% in June, compared with 62.5% in May, but still below the 62.7% seen in both April and March.

Earnings growth edged down in June, with y-o-y hourly earnings increasing by 3.9%, compared with 4.1% in May and 3.9% in April. The gradual weakening in the labour market may be viewed cautiously by the Fed's decision-making body, the Federal Open Market Committee (FOMC) members, but retracting earnings growth could help in lowering inflation levels.

Graph 3 - 3: US monthly labour market



Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

After relatively subdued growth of 1.4%, q-o-q, SAAR in 1Q24, growth is expected to show some pickup, although the extent of this momentum remains uncertain. For 2Q24, growth is projected to reach 1.8%, q-o-q, SAAR, with expectations of deceleration in the latter half of the year. Economic growth is forecast to slow to 0.8%, q-o-q, SAAR in 3Q24 and 0.7%, q-o-q, SAAR in 4Q24. These projections align with recent lead indicators, which indicate a softening in the labour market, a gradual decline in hourly earnings, and the potential for ongoing easing in inflation. Softness in manufacturing purchasing managers' indices and stagnation in consumer confidence further support this overall trend of economic softening.

The overall economic growth dynamic could prompt the Fed to consider a more accommodative monetary policy in the near term, as has already been envisaged in the latest FOMC projections in June. Most recent comments by the Fed chair point to some uncertainty regarding pursuing a more accommodative monetary policy very soon; it was said that more evidence should show that price pressures and the labour market are cooling before the Fed starts to cut interest rates. However, considering the Fed's emphasis on a data-driven approach to monetary policy, a more accommodative policy seems likely in 2H24, considering both a decline in growth rate and inflation levels. However, the extent and intensity of any easing measures by the Fed remain heavily influenced by the anticipated inflation path, US economic growth and labour market dynamics.

The Fed's economic projections from June suggest a potential reduction of around 50 basis points in the key policy rate by the end of 2024. However, the exact extent of these rate cuts remains a topic of ongoing discussion, with recent statements from Fed officials indicating a cautious approach. Looking ahead, there is no anticipation of significant fiscal stimulus for 2024 or 2025, though this outlook could be influenced by the outcome of the 4Q24 elections, which might lead to changes in US fiscal policies and subsequently impact monetary policy decisions in 2025, thereby shaping growth dynamics over the following year. Highlighted in the IMF's latest review of the US economy and underscored by the Fed chairperson, the high level of US debt, particularly sovereign debt, remains a persistent concern. While the debt ceiling debate has been postponed until after the election, suspending the debt limit until January 2025, there is a looming possibility that this concern could resurface. According to recent International Monetary Fund (IMF) findings, the escalating US debt poses risks not only to the domestic economy but also to the global economy at large. The Congressional Budget Office has projected the US fiscal deficit for this year will reach 7% of GDP. It further anticipates that the gross federal debt-to-GDP ratio held by the public will rise to 122% by 2034, marking the highest level since World War II. There is also concern that delayed government spending cuts could prolong higher inflationary pressures.

In June, according to the Institute for Supply Management (ISM), the Purchasing Managers' Index (PMI) for the manufacturing sector continued to contract, dropping further to 48.5 from 48.7 in May and 49.2 in April. This decline has kept the manufacturing PMI below the threshold of 50, indicating a contraction in the sector.

Similarly, the PMI for the services sector, which comprises 70% of the US economy, fell below the growth threshold in June, registering 48.8. This comes after a rebound to 53.8 in May from 49.4 in April. The decrease in the services PMI signifies a contraction in this sector as well.

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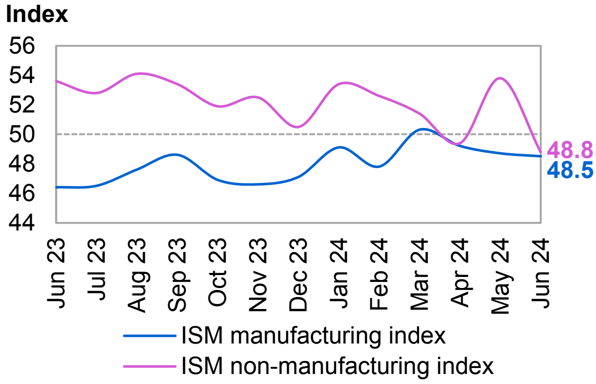
Graph 3 - 4: US-ISM manufacturing and non-manufacturing indices



Sources: Institute for Supply Management and Haver Analytics.

Considering the soft growth observed in 1H24, the economic growth forecast for the year remains unchanged at 2.2%. Steady private household consumption is anticipated to provide support for growth in 2H24.

Similarly, the growth forecast for 2025 remains unchanged at 1.9%.

Table 3 - 3: US economic growth rate and revision, 2024–2025*, %

	US
2024	**2.2**
Change from previous month	0.0
2025	**1.9**
Change from previous month	0.0

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

Eurozone

Update on the latest developments

The Eurozone's economic performance in 1Q24 exceeded expectations, with growth reaching 1.3% q-o-q SAAR. This figure was slightly higher than the initial estimate of 1.2% provided by Eurostat, the EU's statistical office. Business and consumer confidence indicators have suggested a stable and steady economic environment, with growth maintaining a similar pace into 2Q24.

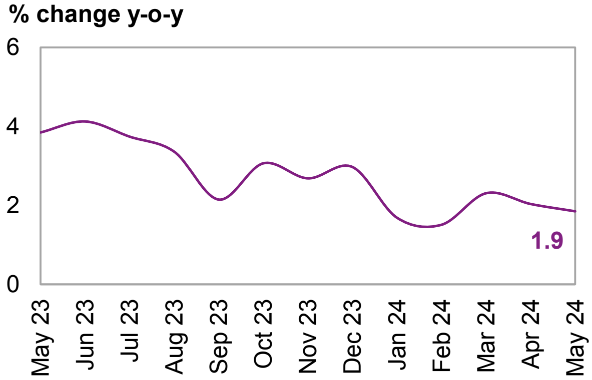
However, challenges persist in the Eurozone's industrial sector. In April, the IP index declined by 2.9%, y-o-y, following a 0.9%, y-o-y, decline in March. On a m-o-m seasonally adjusted basis, IP decreased marginally by 0.1% in April, after expanding by 0.5% in March; the monthly dynamic excluded the base effect from the previous year. Conversely, the services sector continued to exhibit a relatively positive growth trajectory, contributing significantly to the Eurozone's economic stability. Within the services sector, tourism, travel and leisure spending are expected to be robust, bolstered by the upcoming summer holiday season. Additionally, the Eurozone will benefit from hosting two major international sporting events – the Olympic Games in France and the UEFA European Football Championship in Germany – which are anticipated to further stimulate travel and tourism demand across Europe.

Inflationary pressures in the Eurozone showed signs of moderation in June. The CPI decreased to 2.5%, y-o-y, in June from 2.6%, y-o-y, in May. Core inflation, which excludes volatile food and energy prices, stood at 2.8%, y-o-y, in June, down slightly from 2.9%, y-o-y, in May. While both headline and core inflation levels remain above the ECB's target of 2%, the trajectory suggests a potential further softening in inflationary pressures in the near term.

According to the latest data released by Eurostat, the Eurozone's unemployment rate remained stable at 6.4% in May, unchanged from April. This stability follows five consecutive months from November 2023 to March 2024, when the unemployment rate was at 6.5%. The steady unemployment rate suggests a stable Eurozone labour market environment during this period.

In terms of retail sales, there was a slight retraction in growth during May after an increase of 2%, y-o-y, in retail sales spending in April, which followed stronger growth of 2.3%, y-o-y, in March. May saw a slowdown in this trend, standing at 1.9%, y-o-y. Despite this minor setback, the overall trajectory indicates a gradual improvement in the Eurozone's economy. This improvement is supported by not only a stable labour market but also by expanding consumer spending, which collectively enhances economic resilience across the region.

Graph 3 - 5: Eurozone retail sales



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

Near-term expectations

After better-than-expected economic growth in 1Q24 of 1.3%, q-o-q SAAR, the economy is projected to maintain steady, albeit low, growth. A gradual recovery in the industrial sector, alongside ongoing expansion in the services sector, is anticipated to support growth, particularly in 3Q24. While the full extent of this momentum is yet to be determined, early indicators from the beginning of the year suggest potential support from the travel and tourism sector this summer, along with a gradual rebound in IP. In this respect, a rise in real income is expected to lead to continued improvements and materialize in 2H24. However, considering that IP was in decline in 1Q23 and April, indicating an ongoing challenging situation, the extent of improvement in IP towards the end of the year remains uncertain. If it materializes, accelerated improvements in the industrial sector could lead to additional upside potential compared with current expectations.

In the meantime, the ECB is expected to continue its monetary easing efforts. After it decides to lower the key policy rate by 25 basis points at its June meeting, accommodative monetary policy is projected to be maintained in 2H24 and into 2025. This may provide additional support to economic growth momentum and contribute to sustained growth towards the end of the year and into the next. As monetary policy decisions are data-dependent, the recent retraction of headline inflation has provided the ECB with the necessary room for gradual monetary easing. The potential for further inflation retraction in 2H24 and 2025, is another factor likely to lead the ECB to continue its monetary easing measures. However, the meeting minutes from June indicate that some policymakers expressed doubts about cutting interest rates, as they observed inflation and wages moving in opposite directions. Consequently, the ECB may pause its monetary easing cycle in the upcoming July meeting. The forecast for headline inflation in 2024 is slightly below 2.5%, considering an ongoing retraction in 2H24 following headline inflation levels of 2.6%, y-o-y, in 1Q24 and 2.5%, y-o-y, in 2Q24. Inflation is projected to slow to around 2% in 2025.

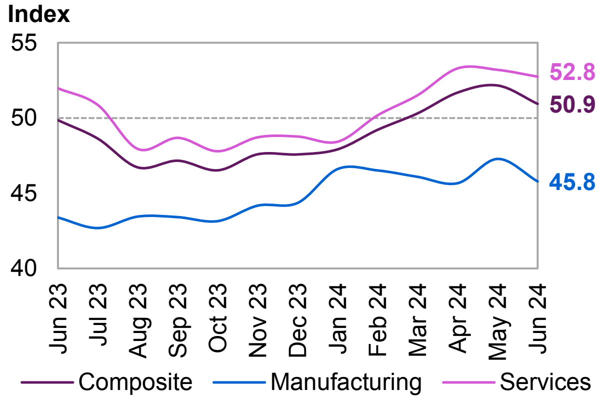
Expected annualized quarterly growth for 2024 is projected to remain relatively stable, with an average quarterly increase of over 1.2% in 1H24, followed by a 1% rise in 2H24. The forecast anticipates steady improvement in the industrial sector throughout 2024 and into 2025, driven by both domestic and external demand, particularly towards the end of the year. The revival of tourism and service-related spending, along with a recovery in German IP, is expected to support overall growth in 2024, with an even greater impact anticipated in 2025. Additionally, a gradual increase in real income is likely to enhance consumer spending in 2H24 and beyond. Combined with potential accommodative monetary policy by the ECB, these factors are expected to contribute to economic acceleration in 2025 as well. Growth for 2025 is projected to more than double compared with the modest levels seen in 2023 and 2024.

The Eurozone's June PMIs reflected mixed performance. The PMI for the services sector indicated ongoing steady momentum, while challenges persisted in manufacturing.

The PMI for services, representing the largest sector in the Eurozone, remained relatively stable in June, registering 52.8, slightly below May's figure of 53.2.

Conversely, the manufacturing PMI highlighted ongoing difficulties in the sector, declining to 45.8, significantly below last month's already-low level of 47.3. As a result, the manufacturing sector has remained in contractionary territory for two years.

Graph 3 - 6: Eurozone PMIs



Sources: S&P Global and Haver Analytics.

Following better-than-expected economic growth in 1Q24, and at the same time considering the expectation of continued low growth momentum, the economic growth forecast for 2024 has been slightly revised upward to 0.7%.

Potential improvements in 2H24 are expected to carry over into 2025, with the Eurozone's economic growth forecast to gain momentum and reach 1.2%, unchanged from the previous month's forecast.

Table 3 - 4: Eurozone economic growth rate and revision, 2024–2025*, %

	Eurozone
2024	**0.7**
Change from previous month	0.2
2025	**1.2**
Change from previous month	0.0

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

Japan

Update on latest developments

Japan’s 1Q23 economic growth was further revised downward by the statistical office to now show a significant decline of 2.9%, q-o-q, SAAR, compared with the previous estimate of -2%. This follows anaemic growth of 0.1%, q-o-q, SAAR in 4Q23 and a decline of 4%, q-o-q, SAAR in 2H23. Weak consumption persisted in 1Q24 as real income remained negative, with private consumption expenditures declining by 2.9%, q-o-q, SAAR, marking the fourth consecutive quarter of decline. Additionally, inflation remained relatively persistent, expanding again in May. While the BoJ ended its negative interest rate policy in March, it left the policy rate unchanged at its latest meeting in June. On a positive note, recent business and consumer confidence indices, including the BoJ’s Tankan survey, suggest a potential uptick in economic activity. However, the PMIs indicate ongoing challenges ahead. Furthermore, while the weaker yen has been a significant support factor for Japan's exports and tourism industry, it has also contributed to rising inflation through higher import prices.

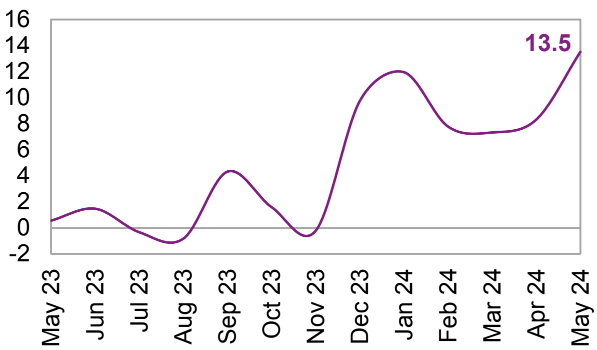
Retail sales growth continued to expand in May, increasing by 3%, y-o-y, compared with growth of 2%, y-o-y, in April and a rise of 1.1%, y-o-y, in March. These figures are based on non-seasonally adjusted value terms. Inflation also rose in May, with headline inflation reaching 2.8%, following 2.5% in April and 2.7% in March. Core inflation, which excludes food and energy and is a key metric for central bank policies, decreased to 1.7%, y-o-y, down from 2%, y-o-y, in April and 2.2%, y-o-y, in March. The BoJ's summary of opinions from its June monetary policy meeting indicates discussions on the potential for further interest rate hikes due to persistent inflationary pressure. Meanwhile, the Japanese yen has remained close to its weakest level in more than 30 years.

IP growth rebounded in May, expanding by 0.3%, y-o-y, after months of continued decline. IP had decreased by 1.8%, y-o-y, in April, following declines of 6.2%, y-o-y, in March and 3.9%, y-o-y, in February.

On the export front, goods exports maintained their recovery trajectory, increasing by 13.5%, y-o-y, in May, following rises of 8.3%, y-o-y, in April and 7.3%, y-o-y, in March.

Meanwhile, consumer confidence remained robust, slightly increasing to 36.6 in June from 36.2 in May, although down from 37.8 in April. Despite the recent decline, the overall trend indicates relatively strengthening momentum since the end of last year.

Graph 3 - 7: Japan's exports



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

Near-term expectations

After the unexpectedly large decline in economic growth of 2.9%, q-o-q, SAAR in 1Q24, the Japanese economy is projected to gradually rebound over the remainder of the year. However, recent indicators have been mixed, reflecting various near-term growth dynamics and uncertainties. While signs of recovery were observed in leading indicators such as the Tankan survey and consumer confidence indices, recent PMIs point to ongoing challenges. Additionally, although the tourism sector is expected to sustain growth supported by a weak yen and pent-up demand for global tourism and travel, the services sector PMI indicates contraction. Following a decline in 1Q24, economic growth in 2Q24 is projected to reach 3.9%, q-o-q, SAAR. This is forecast to be followed by growth rates of 2.9%, q-o-q, SAAR, in 3Q24 and 1.1%, q-o-q, SAAR, in 4Q24. IP and exports are anticipated to gradually strengthen further in 2024, with momentum expected to improve primarily in 2H24. This positive trend is projected to continue into 2025, although growth levels are expected to remain subdued.

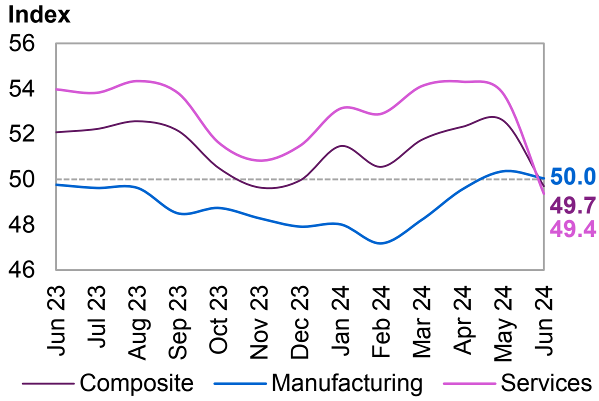
Following the BoJ's decision to shift the key policy rate into positive territory and considering recent stagnant inflationary developments, it is anticipated that the bank will adopt a less accommodative monetary policy stance in 2024 and 2025. In its June meeting, the BoJ announced plans to begin unwinding its Yield Curve Control (YCC) policies and significantly scale back its monthly bond-buying programme of 6 trillion yen. This marks a significant step in unwinding its ultra-loose monetary policy. The BoJ stated that by reducing its government bond purchases, it aims to allow long-term interest rates to be determined more freely in financial markets. Additionally, there is a possibility of further rate increases in the near term, although the current low economic growth presents a challenging backdrop. Furthermore, the weakness of the yen plays a vital role in decision-making, as the BoJ faces pressure to halt the yen's decline.

The June PMI figures indicate a weakening in Japan's services sector and a stable situation in manufacturing.

The services sector PMI, which represents a significant portion of the Japanese economy, fell below the growth-indicating level of 50, standing at 49.4. This follows readings of 53.8 in May and 54.3 in April.

Meanwhile, the manufacturing PMI remained almost unchanged, staying in expansionary territory, registering 50 in June compared with 50.4 in May and 49.6 in April, suggesting stagnant momentum in the manufacturing sector.

Graph 3 - 8: Japan's PMIs



Sources: S&P Global and Haver Analytics.

Growth projections for the year remain broadly unchanged. The 2024 economic growth forecast is held at 0.3%. Although uncertainties prevail, this forecast anticipates a rebound in economic activity starting from 2Q24 and continuing thereafter.

Looking ahead, the anticipated slightly improving momentum for the remainder of this year is expected to carry over into 2025. While the BoJ is projected to gradually tighten its monetary policies in the coming year, economic growth in 2025 is forecast to experience a slight increase to reach 0.9%, consistent with the previous month's forecast.

Table 3 - 5: Japan's economic growth rate and revision, 2024–2025*, %

	Japan
2024	**0.3**
Change from previous month	0.0
2025	**0.9**
Change from previous month	0.0

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

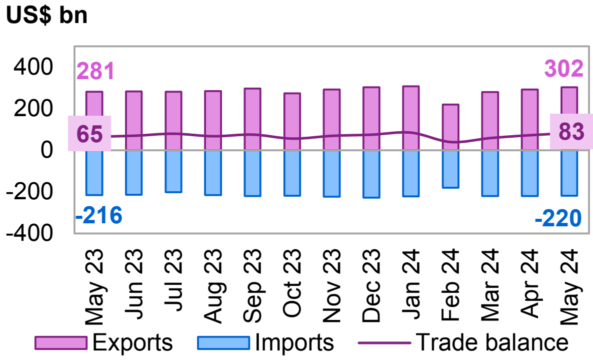
Non-OECD

China

Update on the latest developments

Exports from China surged in May, exceeding expectations with a growth rate of 7.6%, y-o-y, in USD. The primary driver of this increase was the vehicle sector, notably new energy vehicles (NEVs), which grew by 33%, y-o-y, in May. Russia emerged as the leading market for Chinese vehicle exports, with demand for Chinese automobiles tripling over the past two years. Additionally, exports to other non-OECD regions, including Latin America, Africa and Southeast Asia, have been rising. The US raised tariffs on Chinese electric vehicles (EVs) from 27.5% to 102.5%, while the EU imposed provisional import tariffs ranging from 17.4% to 37.6%, in addition to the existing 10%. Meanwhile, some Chinese automakers have strategically established manufacturing facilities in Eastern Europe, Mexico and Southeast Asia to mitigate tariff-related challenges, among other reasons.

Graph 3 - 9: China's trade balance



Sources: General Administration of Customs of China and Haver Analytics.

The housing sector support package announced by the Chinese government in May took effect immediately. The package includes measures to ease the purchase of unsold apartments for conversion into social housing by local governments and to lower mortgage requirements by reducing minimum downpayments for first- and second-time home buyers. The latest data from the housing sector shows an 8.2% decline in housing prices in May, a steeper decline from the 7.5% seen in April and 6.5% in March. However, this decline was expected, as the support package did not take effect until the end of May.

The continued correction in the housing sector is weighing on consumer demand, particularly for large purchases and durable goods. While demand is recovering across a wide range of fast-moving consumer goods, durable goods still lag, as much wealth is tied up in the property sector, leading to some income uncertainty. Retail sales increased in May, reflecting a recovery in non-durable goods demand, with retail sales growing 3.7%, y-o-y, in May, up from 2.3%, y-o-y, in April and 3.1% in March.

After regaining momentum in April, the manufacturing sector slowed slightly in May, with IP growing at 5.6%, y-o-y, down from 6.7% in April. This growth continues to reflect ongoing support for the manufacturing and industrial sectors as announced in March at the National People's Congress (NPC) session.

The CPI remained positive at 0.3%, y-o-y, in May for the second consecutive month, up from 0.1%, y-o-y, in March. China emerged from deflation in February after four months of negative prices. Core inflation slightly retracted to 0.6%, y-o-y, in May, down from 0.7% in April.

Unemployment remained stable at 5.0% in May, consistent with the previous month, which saw a decline from 5.2% in March. Urban youth unemployment fell for the second consecutive month.

Near-term expectations

The government support package for the housing sector is expected to mitigate the sector's decline in 2H24 as policy implementation gains traction. Addressing the correction may necessitate more substantial and targeted measures due to the significant inventory of unsold and partially completed properties. The May announcement, while not extensive, underscored the Chinese government's proactive stance in managing the sector's downturn. Housing prices are anticipated to continue declining in the near term as the government oversees the correction process.

The impact of the housing sector inevitably affects other segments of the economy, with growth in durable goods consumption remaining sluggish. To stimulate consumption in sectors such as cars and household appliances, the central government has introduced rebate programmes for large-item exchanges, though their impact has been limited in scale.

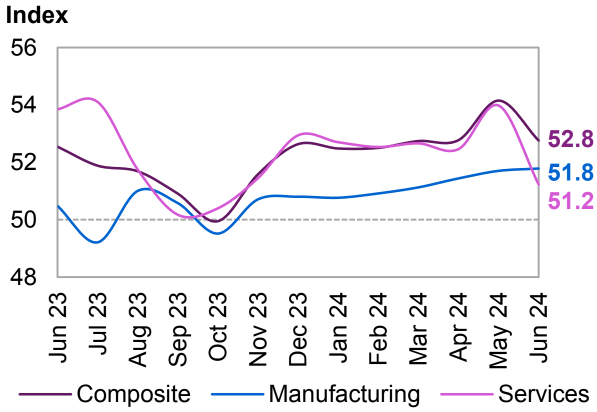
Continued central government support for the manufacturing and industrial sectors is expected to sustain output growth. This includes assistance in technical support and quality standards, enhancing the volume and global competitiveness of Chinese high-tech goods. The combination of robust manufacturing output and restrained domestic demand suggests a continued reliance on an export-led growth model, underscoring the importance of global economic conditions in achieving growth targets.

Trade tensions are unlikely to significantly disrupt China's export-led growth model. The US has primarily imposed tariffs on EVs, which are not major imports from China. Trade tensions between the EU and China remain manageable, with ongoing efforts to negotiate an agreement. Additionally, China's diversification in export markets offers alternatives to reliance on the US and EU. For instance, Russia has emerged as a significant market for Chinese goods, including cars, with Chinese vehicles now accounting for over 90% of new car sales in Russia, a sharp increase from less than 20% two years ago.

The latest PMI data for May show improvements in China's manufacturing outlook, with a PMI of 51.8 in June, up from 51.7 in May and 51.4 in April. However, the services sector experienced a slowdown, with the services PMI declining to 51.2 in June from 54.0 in May and 52.5 in April.

Despite these fluctuations, both indicators remain in positive territory.

Graph 3 - 10: China's PMI



Sources: Caixin, S&P Global and Haver Analytics.

Continued support for the manufacturing sector and increasing exports signal an overall improving outlook for China. Government policies are anticipated to mitigate potential risks, particularly from the housing sector. Given these factors, the economic growth forecast for China in 2024 has been revised upward to 4.9%.

The growth forecast for China in 2025 remains unchanged at 4.6%, consistent with the previous month's report.

Table 3 - 6: China's economic growth rate and revision, 2024–2025*, %

	China
2024	**4.9**
Change from previous month	0.1
2025	**4.6**
Change from previous month	0.0

*Note: * 2024-2025 = Forecast.*
Source: OPEC.

India

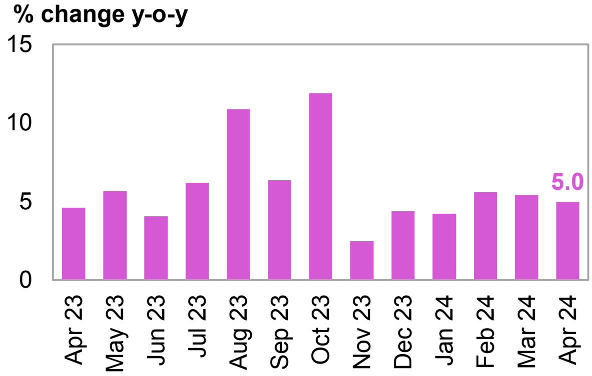
Update on the latest developments

Data from 1Q24 show that India grew at a robust rate of 7.8%, y-o-y. The main drivers of this growth were manufacturing and construction, with additional contributions from the services sector. Although manufacturing growth decelerated slightly to 8.9%, y-o-y, in 1Q24, down from 11.5%, y-o-y, in 4Q23, it remains strong, largely due to supportive government policies. Similarly, the construction sector maintained robust growth of 8.7%, y-o-y, in 1Q24, slightly lower than the 9.6%, y-o-y, growth observed in 4Q23. Additionally, gross capital formation grew by 6.5%, y-o-y, in 1Q24, reflecting government investment and spending. The services sector grew by 6.7%, y-o-y, in 1Q24, decelerating slightly from 7.1%, y-o-y, in 4Q23. Private consumption grew by 4.0%, y-o-y, matching the growth rate from 4Q23.

Industrial production continued to exhibit strong, stable growth levels since the end of 4Q23 and maintained steady momentum. In April, IP grew by 5.0%, y-o-y, slightly down from 5.4%, y-o-y, in March and 5.6%, y-o-y, in February.

Agricultural output has been relatively weak since the end of a soft monsoon season last year. The agricultural sector grew by 0.6%, y-o-y, in 1Q24, following growth of 0.4%, y-o-y, in 4Q23. The Indian Meteorological Department (IMD) expected June, the first month of the monsoon season, to be relatively strong, but measured rainfall came in slightly below average. The weak monsoon season last year was the main driver of low agricultural output and sustained high food inflation since 3Q23. In May, food inflation remained at 7.9%, y-o-y, for a second consecutive month, up from 7.7%, y-o-y, in March.

Graph 3 - 11: India's industrial production

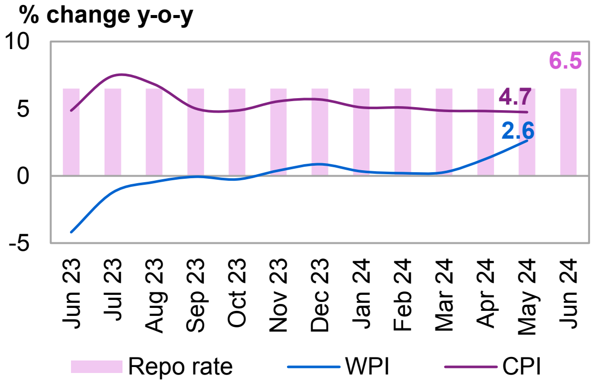


Sources: Ministry of Statistics and Program Implementation of India and Haver Analytics.

Overall inflation eased slightly, with the May CPI registering 4.7%, y-o-y, down from 4.9%, y-o-y, in April and March. Core inflation continued to decline, with the May core CPI figure at 3.0%, y-o-y, down from 3.2%, y-o-y, in April and 3.3%, y-o-y, in March. In early June, the Reserve Bank of India (RBI) Monetary Policy Committee (MPC) held the key repo rate at 6.5% amid continued food inflation concerns. The RBI MPC will next meet in early August.

The unemployment rate increased to 9.2% in June from 7.0% in May and 8.1% in April. The largest increase in unemployment came from rural areas, rising to 9.3% in June from 6.3% in May. During the same period, urban unemployment increased to 8.9% from 8.6%.

Graph 3 - 12: Repo rate and inflation in India



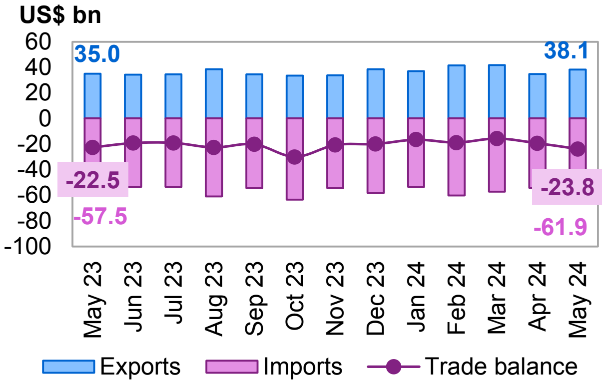
Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

India's trade balance in May widened to $23.8 bn compared with $19.2 bn in April and $22.5 bn in May of the previous year.

Monthly exports increased in May to $38.1 bn after declining in April to $34.9.

Similarly, monthly imports increased in May to $61.9 bn from $54.1 bn in April.

Graph 3 - 13: India's trade balance



Sources: Ministry of Commerce and Industry and Haver Analytics.

Near-term expectations

After robust growth levels seen in 1Q24 of 7.8%, y-o-y, India's economy is expected to continue its strong growth pattern but at a decelerated rate. The election results from last month signal expected policy continuity supporting infrastructure spending and economic growth. However, the collaboration required to sustain the coalition government introduces inherent levels of uncertainty. Policies supporting manufacturing and industrial output are expected to continue, although a renewed focus on addressing unemployment, particularly with the latest uptick, is possible.

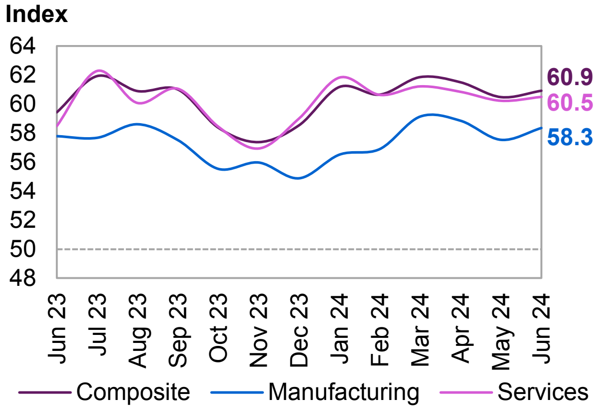
With continued support, the industrial sector is expected to maintain steady momentum, providing a strong base for overall economic growth. Production-Linked Incentive (PLI) schemes supporting key manufacturing sectors, including automobiles, steel, pharmaceuticals and telecommunications networks, are expected to be sustained.

Regarding agricultural output, early readings for July from the IMD point toward an above-average July and an overall above-average season extending from June through September. This is critical for replenishing water reservoirs currently at low levels due to the weak monsoon season last year. Subsequently, the agriculture sector is expected to recover, leading to a slowdown in food inflation.

The S&P Global manufacturing PMI remained in positive territory, increasing in June to 58.3, rebounding from a decline in May to 57.5 from April's level of 58.8.

The services PMI continued to signal strong momentum, rising slightly to 60.5 in June from 60.2 in May but down slightly from 60.8 in April.

Graph 3 - 14: India's PMIs



Sources: S&P Global and Haver Analytics.

The growth forecast for India in 2024 remains unchanged at 6.6%, y-o-y, with potential for further growth, consistent with the previous month's report. Sustained IP and growth in the services sector are expected to be the key drivers of this growth forecast.

Looking to 2025, the growth rate is projected to decelerate to 6.3%, y-o-y, also unchanged from the previous month's forecast.

Table 3 - 7: India's economic growth rate and revision, 2024–2025*, %

	India
2024	**6.6**
Change from previous month	0.0
2025	**6.3**
Change from previous month	0.0

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

Brazil

Update on latest developments

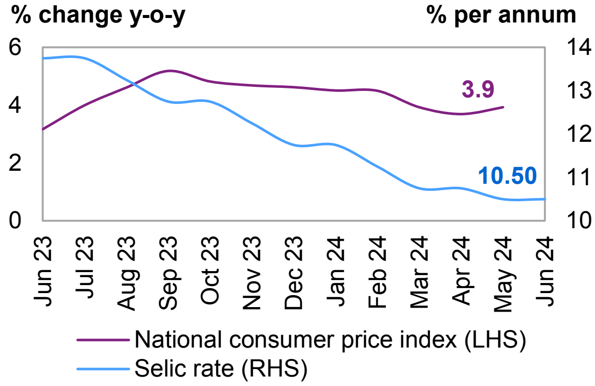
After robust y-o-y growth of 2.5% in 1Q24, the Brazilian economy is showing signs of cooling based on early indicators for 2Q24. Private consumption was a key driver of 1Q24 growth, expanding by 4.4%, y-o-y, reflected in strong retail sales growth of 8.2%, y-o-y, during the same period. However, the latest retail sales data indicates a slowdown to 4.6%, y-o-y, in April.

IP contracted by 1.0%, y-o-y, in May following strong growth of 8.4%, y-o-y, in April. According to the Instituto Brasileiro de Geografia e Estatística (IBGE), the largest declines were in motor vehicle production, which fell by 11.7%, y-o-y, in May after a 1.8%, y-o-y, increase in April, and food products, which have seen two consecutive months of decline. Food products are closely tied to agricultural output, which experienced robust growth in 2023 due to record harvests and is returning to normal levels this year. On a positive note, mining and quarrying output grew by 2.6%, y-o-y, in May, partially reversing the 3.2%, y-o-y, decline seen in April.

Inflation showed a slight uptick in May after seven consecutive months of decline, with CPI reaching 3.9%, y-o-y, up from 3.7%, y-o-y, in April and returning to the level observed in March. The Banco Central do Brasil (BCB) June meeting concluded with a unanimous decision to maintain the key Selic rate at 10.5%. This marks the first pause in the monetary easing cycle since July 2023. The Monetary Policy Committee (Copom) cited uncertainty in the US easing cycle, a robust domestic labour market and economic activity, and rising inflation concerns as key factors influencing this decision. Additionally, Copom noted it is closely monitoring the inflationary impact of rising fiscal spending. The Copom will convene again at the end of July, likely awaiting signals from the US before considering further monetary easing.

The inflation rate in Brazil is slightly above the target of 3.0%, y-o-y, with an upper limit of 4.5%, y-o-y. The inflation target in Brazil is established by the National Monetary Council (CMN). Starting in January 2025, the target will be fixed at 3.0%, y-o-y, indefinitely, without requiring CMN approval each year. While the 3.0%, y-o-y, inflation target was already set for 2025 and 2026 by the CMN, the decision to set the target indefinitely reflects increased autonomy and confidence in maintaining monetary stability.

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



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

Near-term expectations

The growth rate of 2.5%, y-o-y, seen in 1Q24 is anticipated to decelerate progressively throughout the year, with expectations of 2.0%, y-o-y, growth in 2Q24, 1.5%, y-o-y, in 3Q24 and 1.2%, y-o-y, in 4Q24. Fluctuations in IP since the beginning of the year and expectations of weaker agricultural output as harvest levels normalize from a high baseline in 2023 indicate this anticipated slowdown. Moreover, the pause in monetary policy easing at a relatively high 10.5% Selic rate could counterbalance the impact of increased government spending.

Despite these factors, a relatively low unemployment rate is expected to sustain some momentum in private consumption, albeit at slower growth rates, particularly in retail sales. The services sector is projected to maintain a more stable pace, providing a foundational level of support for economic growth. Nonetheless, the slowdown in agriculture is anticipated to affect transportation and logistical services involved in moving agricultural products to key export regions.

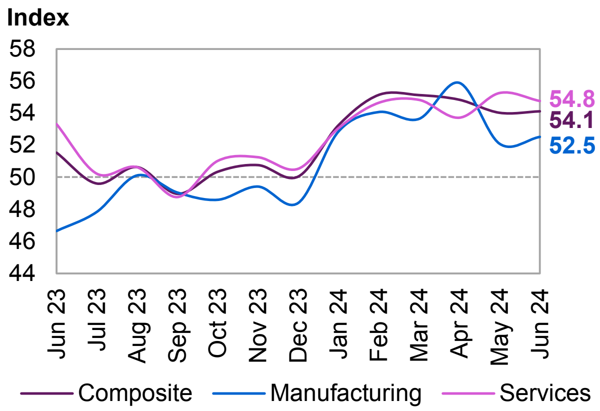
Looking ahead to 2025, quarterly growth rates are expected to accelerate, benefiting from an improving investment environment supported by government spending on infrastructure and the implementation effects of tax reforms introduced in late 2023.

In June, the PMI data for services showed a slight decrease, while manufacturing saw a slight increase, with both remaining in positive territory.

The manufacturing PMI rose to 52.5 in June, up from 52.1 in May but down from 55.9 in April.

Meanwhile, the services PMI declined to 54.8 in June from 55.3 in May, yet it was higher than the April level of 53.7.

Graph 3 - 16: Brazil's PMIs



Sources: HSBC, S&P Global and Haver Analytics.

Amid uncertainties surrounding industrial output and slowing consumption, coupled with a pause in the monetary easing policy cycle, the economic growth forecast for Brazil in 2024 stands at 1.8%, y-o-y, unchanged from the previous month's projection.

While there are positive indications emerging for growth to accelerate in 2025, the growth forecast remains unchanged at 1.9%, y-o-y, for that year, consistent with the previous month's report.

Table 3 - 8: Brazil's economic growth rate and revision, 2024–2025*, %

	Brazil
2024	**1.8**
Change from previous month	0.0
2025	**1.9**
Change from previous month	0.0

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

Russia

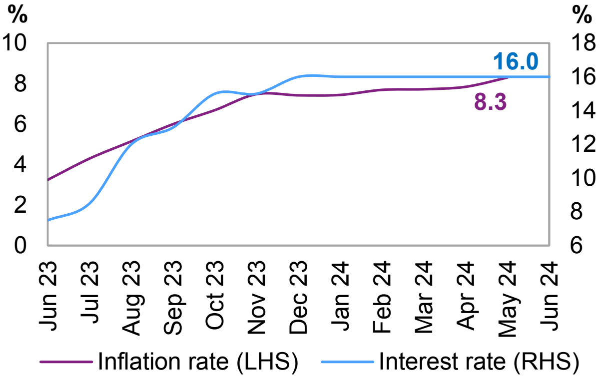
Update on the latest developments

The economic outlook in Russia continues to show solid momentum following strong growth figures in 1Q24. IP remains a key component of this dynamic, exhibiting growth of 5.3%, y-o-y, in May, up from 3.9%, y-o-y, in April. Manufacturing was the largest contributor to IP, growing at 9.1%, y-o-y, in May, up from 8.4%, y-o-y, in April. Overall, the Russian economy grew by 5.4%, y-o-y, in 1Q24, up from 4.9%, y-o-y, in 4Q23.

Unemployment remains low in Russia, standing at 2.6% in May, the same level as in April and down from 2.7% in March. The unemployment rate has remained below 3% since the start of the year. Retail sales have shown strong growth, reflecting increased household income, but are gradually decelerating. In May, retail sales grew by 7.6%, y-o-y, below the April level of 8.4%, y-o-y. In 1Q24, retail sales grew by 10.6%, y-o-y.

With a tight labour market and high consumer spending, inflation remains elevated in Russia. Nominal wages increased by 20%, y-o-y, in March, reflecting an ongoing labour shortage. Headline inflation rose to 8.3%, y-o-y, in May, up from 7.8%, y-o-y, in April. Core inflation also increased to 8.7%, y-o-y, in May, up from 8.3%, y-o-y, in April.

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



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

The Central Bank of Russia held interest rates at 16% during the June meeting but highlighted the potential inflationary impacts of the tight labour market and high utilization of lending under government-subsidized programmes. The Russian government offers a subsidized mortgage rate of 8% for a broad segment of the public sector workforce, slightly mitigating the impact of high central bank rates on housing. The central bank indicated a possible interest rate increase in July as inflationary pressures continue to impact high central bank rates on housing that weigh on the economy.

Near-term expectations

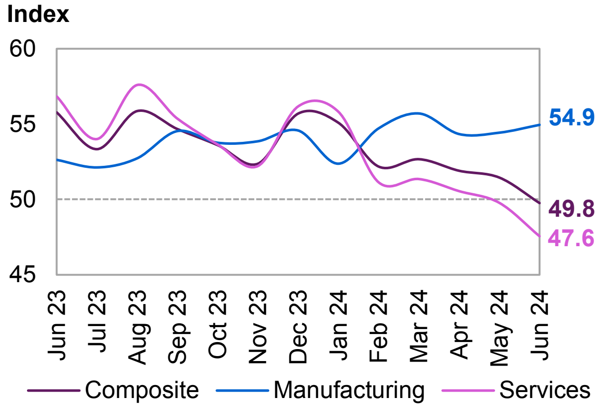
Strong domestic demand and consumption, driven by high employment and rising incomes, are expected to continue to support retail sales growth and private consumption. Public consumption, particularly in manufacturing, is also expected to persist, though slight contractions in the mining and quarrying sector may slightly offset this growth.

Inflation remains a concern in Russia and continues to weigh on the economy as the tight labour market shows little sign of easing. Furthermore, effective 1 July 2024, tariffs for the housing and communal sector have increased by an average of 9%, which is anticipated to contribute to inflation. An influx of imports from China could potentially help lower inflation, as exports from China surge amid high manufacturing output and relatively weak domestic demand. Demand for Chinese cars in Russia has tripled over the past two years, with Russia increasingly becoming a key destination for Chinese exports as trade tensions between China and the US and EU persist.

Overall, the Russian economy is expected to sustain strong growth levels driven by both household demand and public spending. However, in June, the services PMI declined to 47.6, down from 49.8 in May and 50.5 in April, driven by rising input costs for producers and reduced purchasing power among consumers.

Conversely, the manufacturing PMI increased to 54.9 in June from 54.4 in May and 54.3 in April. This trend reflects increasing backorders on goods, driven by rising consumer demand and incomes.

Graph 3 - 18: Russia's PMI



Sources: HSBC, S&P Global and Haver Analytics.

With the momentum from 1Q24 showing signs of continuing into 2H24, the 2024 growth forecast for Russia has been revised up slightly to 3.1%, y-o-y.

For 2025, an expected slowdown in consumption and the potential impact of inflationary pressures, along with possible tightening monetary policies, are anticipated to decelerate the growth dynamic. However, carried-over momentum from 2024 prompted a slight upward revision to the growth forecast for 2025 to 1.5%, y-o-y.

Table 3 - 9: Russia's economic growth rate and revision, 2024–2025*, %

	Russia
2024	**3.1**
Change from previous month	0.2
2025	**1.5**
Change from previous month	0.1

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

Africa

South Africa

Update on the latest developments

Sectoral GDP data indicates that mining and quarrying contracted by 0.2%, y-o-y, in 1Q24, contrasting with 3.4%, y-o-y, growth in 4Q23. Manufacturing also saw a decline of 0.4%, y-o-y, in 1Q24, down from 2.0%, y-o-y, growth in 4Q23, while IP contracted slightly by 0.1%, y-o-y, after seeing a 2.2%, y-o-y, increase the previous quarter. Services sectors such as transport, storage and communication grew by 1.4%, y-o-y, in 1Q24, down from 3.9%, y-o-y, in 4Q23, and finance, insurance and real estate expanded by 2.4%, y-o-y, lower than the 3.1%, y-o-y, growth was seen in 4Q23. Overall, South Africa's economic growth in 1Q24 slowed to 0.5%, y-o-y, from 1.4%, y-o-y, in 4Q23.

In April, retail sales grew by 0.6%, y-o-y, following a 2.3%, y-o-y increase in March and a contraction of 0.7%, y-o-y, in February. Durable goods, particularly household furniture, appliances, and equipment, showed the strongest growth within retail sales, increasing by 5.6%, y-o-y, in April. The tourism sector exhibited positive signs, with international arrivals up by 15.4%, y-o-y, in 1Q24, driven by arrivals from other African countries and Europe.

Improvements in the power grid have been notable, with Eskom suspending load-shedding for the past three months due to enhanced efficiency and maintenance.

However, unemployment rose to 32.8% in 1Q24 from 32.1% in 4Q23. Inflation remained steady at 5.1%, y-o-y, in May, the same as in April, and down from 5.3%, y-o-y, in March. Food inflation also held steady at 4.7%, y-o-y, in May, maintaining April's level and down from 5.0%, y-o-y, in March. Inflation remains above the South African Reserve Bank's (SARB) target of 4.5% but below the upper limit of 6.0%. The key repo rate has remained at 8.25% for over a year, with the next SARB Monetary Policy Committee meeting scheduled for mid-July.

Near-term expectations

The coalition government formed by the African National Congress (ANC) and the Democratic Alliance (DA) in May introduces inherent uncertainty to the economic outlook despite their relative alignment on economic matters. Improvements in the power grid and stronger tourism performance contrast with persistent challenges such as high unemployment, relatively elevated inflation and sluggish domestic consumption, which indicate continuing economic weakness through 2024. Slow retail sales and contracting IP underscore this trend. The Absa seasonally adjusted PMI saw a slight recovery to 45.7 in June from 43.8 in May, but remained in contractionary territory. The PMI indicated expansion in April at 54.0 but sharply declined in May.

Owning to low the economic growth observed in 1Q24 and uncertainty surrounding government policies alongside persistent high unemployment, South Africa's 2024 growth forecast was adjusted downward to 0.7%, y-o-y.

In 2025, sustained improvements in the power grid and potential improvements in the labour market are expected to accelerate growth to 1.3%, y-o-y.

Table 3 - 10: South Africa's economic growth rate and revision, 2024–2025*, %

	South Africa
2024	**0.7**
Change from previous month	-0.2
2025	**1.3**
Change from previous month	-0.1

*Note: * 2024-2025 = Forecast.*

Source: OPEC.

Saudi Arabia

The non-oil sector of Saudi Arabia's economy grew by 3.4%, y-o-y, in 1Q24, according to figures from the General Authority for Statistics (GSA). This marks a slight deceleration from the 4.3%, y-o-y, growth observed in 4Q23. Within the non-oil sector, wholesale and retail trade, along with restaurants and hotels, recorded the strongest growth at 5.9%, y-o-y, in 1Q24, down from 7.5%, y-o-y, in 4Q23. Additionally, the transport, storage and communication sectors experienced robust growth of 5.0%, y-o-y, in 1Q24, compared with 6.4% in 4Q23. Overall, the Saudi economy contracted by 1.7% in 1Q24, following a 4.3% contraction in the previous quarter.

PMI figures for June indicated a deceleration but remained within expansionary territory. The Riyadh Bank Saudi Arabia PMI stood at 55.0 in June, down from 56.4 in May and 57.0 in April. New orders, the largest component of the PMI, slowed as domestic non-oil demand eased. Unemployment saw a slight uptick in 1Q24 to 3.5%, compared with 3.4% in 4Q23. Notably, the Saudi female labour force participation rate increased to 35.8% in 1Q24 from 35.0% in 4Q23. Saudi male labour force participation also rose to 66.4% in 1Q24 from 65.4% in 4Q23. The tourism sector is expected to maintain strong growth. Early indicators point to a significant increase in the number of tourists in 1Q24. In 2023, spending by foreign visitors in Saudi Arabia reached a record high, representing a 42.8% increase from 2022. The conclusion of the Hajj season saw 1.8 million visitors, with 1.6 million being external visitors, similar to the 2023 season. In 2023, the average length of stay for external visitors during Hajj was 32 nights, contributing strongly to overall tourism figures.

Nigeria

Nigeria's economy grew by 3.0%, y-o-y, in 1Q24, decelerating from a growth rate of 3.5%, y-o-y, in 4Q23. Recent headline inflation data indicates a rate of 34.0%, y-o-y, in May, up from 33.7%, y-o-y, in April and 33.2%, y-o-y, in March, although some indicators suggest that the rate of inflation is slowing. Core inflation rose to 27.0%, y-o-y, in May from 26.8%, y-o-y, in April, after previously increasing by close to 1 percentage point each month since February. The Central Bank of Nigeria (CBN) increased interest rates by 150 basis points in May, bringing total increases since the start of the year to 750 basis points. The next committee meeting is scheduled for late July. The Stanbic IBTC PMI remained in expansionary territory but declined to 50.1 in June from 52.1 in May and 51.1 in April.

Nigeria's trade balance improved in naira terms in 1Q24, with exports reaching 19.2 trillion, up from 12.7 trillion in 4Q23. Imports also increased to 12.6 trillion in 1Q24, up from 9.1 trillion in 4Q23. The services sector grew by 4.3%, y-o-y, in 1Q24, with financial and insurance services showing the strongest growth at 31.2%, y-o-y, up from 29.8%, y-o-y, in 4Q23. Communications and information services grew by 5.4%, y-o-y, in 1Q24, although this was a slowdown from 6.3%, y-o-y, in 4Q23. In the industrial sector, mining and quarrying grew by 6.3%, y-o-y, in 1Q24, down from 8.0%, y-o-y, in 4Q23. The recently rolled out National Construction and Household Support Programme aims to boost agricultural productivity and strengthen the economy through real sectors like agriculture, manufacturing and construction. Key projects include significant railway infrastructure, financial support for states, food distribution and family grants. These initiatives are anticipated to positively impact economic stability and growth.

The United Arab Emirates (UAE)

The latest data indicates that the UAE continued to show growth in its non-oil sectors. The real estate sector remained robust, with median residential property sales prices in Abu Dhabi and Dubai increasing by 3.3% and 13.9%, respectively, between January and April 2024. Growth in rental prices was slower, at 2.6% in Abu

Dhabi and 10.9% in Dubai. The tourism and hospitality sector also saw an increase, with tourist arrivals growing by 11%, y-o-y, in 1Q24. Dubai welcomed 8.12 million overnight visitors from January to May 2024, a 10% increase compared with the same period in 2023. Zayed International Airport in Abu Dhabi experienced a 36% increase in passenger traffic, recording over 6.8 million passengers, while Dubai International Airport saw an 8.4% rise in passenger traffic to 23 million travellers in 1Q24. In a significant development, Dubai approved an AED 128 billion project for a new passenger terminal at Al Maktoum International Airport, which aims to increase its capacity to handle up to 260 million passengers annually.

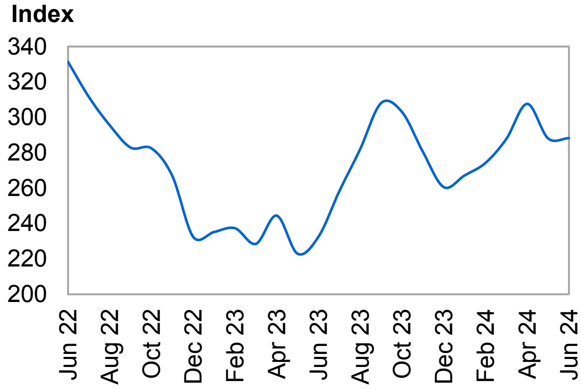
Inflation in Dubai decreased slightly to 3.8% in May, y-o-y, from 3.9% in April, but was up from 3.3% in March. The inflation increase in April was primarily due to rising transport costs and ongoing inflation in the housing, water, electricity, gas and other fuels categories. Transport prices registered a 2.7%, y-o-y, increase in May, down from 3.3% in April. The Central Bank of the UAE has maintained its key policy rate at 5.4% since July 2023. The banking sector remains stable, supported by strong deposit growth of 15.2%, y-o-y, in 1Q24 and an 8% expansion in loan portfolios. In June, the seasonally adjusted S&P Global UAE PMI stood at 54.6, reflecting ongoing expansion, though at a moderating rate, down from 55.3 in May and April.

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

In June, the US dollar (USD) index saw a slight rise, increasing by 0.2%, m-o-m. Support for the USD from the US economy weakened due to softer macroeconomic indicators, although gains were sustained by monetary policy divergences. Y-o-y, the index was up by 2.0%.

Among developed market (DM) currencies, the USD strengthened against the euro and yen in June, by 0.5% and 1.1%, m-o-m, respectively. Conversely, it declined against the pound for the second consecutive month, by 0.7%, m-o-m. Compared with the same period last year, the USD appreciated against the euro by 0.7% and significantly against the yen by 11.8%, y-o-y. However, it depreciated against the pound by 0.7%, y-o-y, over the same period.

Graph 3 - 19: The Modified Geneva I + US$ Basket (base June 2017 = 100)



Sources: IMF and OPEC.

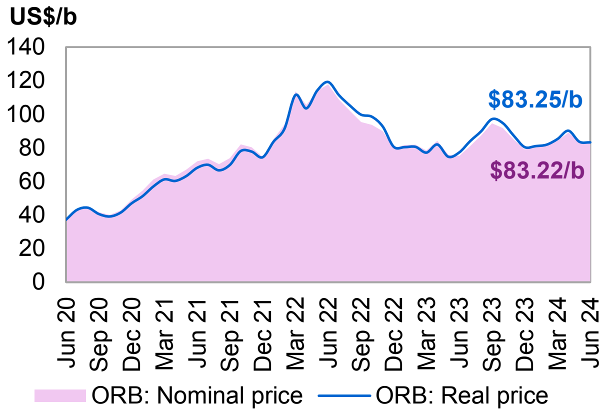
The USD strengthened against all major emerging market (EM) currencies in June. Specifically, it advanced against the rupee, yuan and real by 0.1%, 0.3% and 5.0%, m-o-m, respectively. Compared with the same period last year, the USD appreciated by 1.5%, 1.3% and 11.0%, y-o-y, against the rupee, yuan and real, respectively.

The differential between nominal and real ORB prices narrowed in June. Inflation (nominal price minus real price) decreased from a discount of 5¢/b in May to 3¢/b in June, marking a 40.0%, m-o-m, decrease.

In nominal terms, adjusting for inflation, the ORB price declined from $83.59/b in May to $83.22/b in June, reflecting a 0.4%, m-o-m, decrease. Y-o-y, the ORB price rose by 10.7% in nominal terms.

In real terms (excluding inflation), the ORB price decreased from $83.64/b in May to $83.25/b in June, a 0.5%, m-o-m, decline. Y-o-y, the ORB price increased by 7.8% in real terms.

Graph 3 - 20: Impact of inflation and currency fluctuations on the spot ORB price (base June 2017 = 100)



Source: OPEC.

World Oil Demand

The global oil demand growth forecast for 2024 remained unchanged from last month's assessment at 2.2 mb/d. There were some downward adjustments for 1Q24 due to actual data from both the OECD region but this was offset by a better-than-expected performance in the same quarter in some non-OECD countries.

Accordingly, the OECD is projected to expand by around 0.2 mb/d in 2024, with OECD Americas leading oil demand growth, while OECD Europe and OECD Asia Pacific are expected to show marginal declines, y-o-y.

Expected strong mobility and air travel in the Northern Hemisphere during the summer driving/holiday season is anticipated to bolster demand for transportation fuels and drive growth in the US. In addition, expected improvements in manufacturing and petrochemical activities are expected to support the demand for LPG/NGL, lending additional support to oil demand in the country. Oil demand in Europe and the Asia Pacific region is also expected to pick up somewhat between 2Q24 and 4Q24, amid stronger mobility and improving economic development.

In the non-OECD, oil demand is forecast to expand by around 2.1 mb/d, y-o-y, driven mostly by China as well as Other Asia, the Middle East, India, and Latin America. Total world oil demand is anticipated to reach 104.5 mb/d in 2024, bolstered by strong demand for air travel and healthy road mobility, including trucking. Support is also expected from industrial, construction and agricultural activities in non-OECD countries. Similarly, petrochemical capacity additions in non-OECD countries – mostly in China and the Middle East – are expected to contribute to oil demand growth.

The current positive momentum for oil demand in 1Q24 in the non-OECD region, supported by robust economic activity and healthy mobility and air travel, is expected to continue for the rest of the year. This growth is mostly supported by demand for distillates and transportation fuels in China, the Middle East, India, and Other Asia. However, this forecast is subject to some uncertainty, including global economic developments in key economies of the region.

In 2025, global oil demand is forecast to show robust growth of 1.8 mb/d, y-o-y, unchanged from the previous month's assessment. The OECD is expected to grow by 0.1 mb/d, y-o-y, while demand in the non-OECD is forecast to expand by a healthy 1.7 mb/d.

Table 4 - 1: World oil demand in 2024*, mb/d

							Change 2024/23	
World oil demand	**2023**	**1Q24**	**2Q24**	**3Q24**	**4Q24**	**2024**	**Growth**	**%**
Americas	24.96	24.47	25.31	25.51	25.37	25.17	0.21	0.85
of which US	*20.36*	*19.92*	*20.67*	*20.67*	*20.85*	*20.53*	*0.17*	*0.81*
Europe	13.45	13.00	13.61	13.73	13.40	13.44	-0.01	-0.08
Asia Pacific	7.25	7.62	6.90	7.01	7.41	7.23	-0.01	-0.18
Total OECD	**45.65**	**45.09**	**45.81**	**46.26**	**46.18**	**45.84**	**0.19**	**0.41**
China	16.36	16.76	16.93	17.33	17.43	17.12	0.76	4.64
India	5.34	5.66	5.66	5.40	5.59	5.58	0.23	4.36
Other Asia	9.28	9.73	9.77	9.49	9.51	9.62	0.35	3.74
Latin America	6.69	6.75	6.88	6.97	6.88	6.87	0.18	2.69
Middle East	8.63	8.76	8.56	9.23	9.00	8.89	0.26	2.96
Africa	4.46	4.68	4.35	4.39	4.82	4.56	0.10	2.28
Russia	3.84	3.94	3.80	3.99	4.08	3.95	0.11	2.90
Other Eurasia	1.17	1.32	1.24	1.08	1.28	1.23	0.06	4.78
Other Europe	0.78	0.82	0.78	0.77	0.84	0.80	0.02	2.07
Total Non-OECD	**56.56**	**58.41**	**57.98**	**58.64**	**59.44**	**58.62**	**2.06**	**3.64**
Total World	**102.21**	**103.50**	**103.79**	**104.90**	**105.62**	**104.46**	**2.25**	**2.20**
Previous Estimate	102.21	103.51	103.80	104.90	105.60	104.46	2.25	2.20
Revision	0.00	-0.01	0.00	0.00	0.01	0.00	0.00	0.00

*Note: * 2024 = Forecast. Totals may not add up due to independent rounding.*

Source: OPEC.

Table 4 - 2: World oil demand in 2025*, mb/d

World oil demand	2024	1Q25	2Q25	3Q25	4Q25	2025	Change 2025/24 Growth	%
Americas	25.17	24.53	25.36	25.63	25.45	25.25	0.08	0.31
of which US	*20.53*	*19.95*	*20.70*	*20.73*	*20.89*	*20.57*	*0.04*	*0.21*
Europe	13.44	13.02	13.62	13.75	13.42	13.45	0.02	0.12
Asia Pacific	7.23	7.63	6.91	7.02	7.42	7.24	0.01	0.15
Total OECD	**45.84**	**45.18**	**45.88**	**46.41**	**46.28**	**45.94**	**0.11**	**0.23**
China	17.12	17.19	17.31	17.77	17.82	17.53	0.41	2.40
India	5.58	5.88	5.90	5.61	5.82	5.80	0.23	4.09
Other Asia	9.62	10.02	10.10	9.82	9.81	9.93	0.31	3.23
Latin America	6.87	6.95	7.07	7.19	7.07	7.07	0.20	2.91
Middle East	8.89	9.14	8.90	9.69	9.35	9.27	0.38	4.30
Africa	4.56	4.79	4.45	4.52	4.93	4.67	0.11	2.47
Russia	3.95	4.00	3.85	4.05	4.12	4.01	0.05	1.36
Other Eurasia	1.23	1.35	1.27	1.12	1.31	1.26	0.03	2.57
Other Europe	0.80	0.83	0.79	0.78	0.85	0.81	0.01	1.40
Total Non-OECD	**58.62**	**60.14**	**59.65**	**60.55**	**61.09**	**60.36**	**1.74**	**2.97**
Total World	**104.46**	**105.33**	**105.53**	**106.96**	**107.37**	**106.31**	**1.85**	**1.77**
Previous Estimate	104.46	105.33	105.53	106.96	107.36	106.31	1.85	1.77
Revision	0.00	-0.01	0.00	0.00	0.01	0.00	0.00	0.00

*Note: * 2025 = Forecast. Totals may not add up due to independent rounding.*
Source: OPEC.

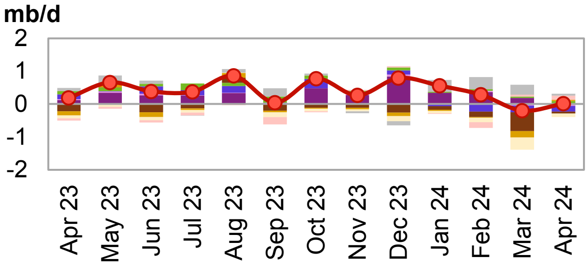
OECD

OECD Americas

Update on the latest developments

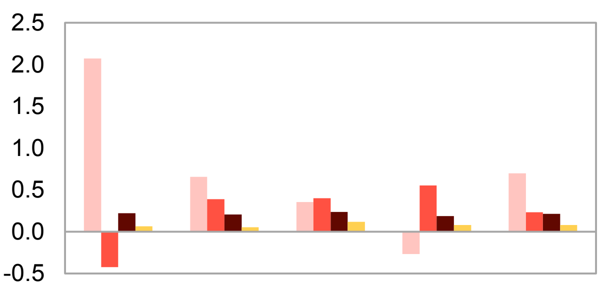
In April, oil demand in OECD Americas was broadly flat, albeit showing improvement from a contraction of 203 tb/d, y-o-y, in the previous month. The improvement in monthly demand can be largely attributed to residual fuels and jet/kerosene requirements in the US, with Chile being the only country in the region to show overall y-o-y growth in April.

Graph 4 - 1: OECD Americas' oil demand by main petroleum product category, y-o-y change



Sources: IEA, JODI, OPEC and national sources.

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



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

US

US oil demand in April declined marginally by 29 tb/d, y-o-y, which represents a significant improvement from the decline of 206 tb/d, y-o-y, seen in March. The largest contraction was recorded in gasoline, which decreased by 165 tb/d, y-o-y, down from a decline of 120 tb/d, y-o-y, in the previous month. However, according to a report from the US Department of Transportation, seasonally adjusted vehicle miles travelled in April increased by 1.4%, y-o-y. Despite this, gasoline demand remained weak, partly due to changes in technology and vehicle efficiency improvements. Diesel contracted by 99 tb/d, y-o-y, albeit showing a significant improvement from the 429 tb/d y-o-y decline seen in the previous month. Diesel has been on a declining trend since September 2023, due to weak manufacturing activity and lacklustre trucking activity. According to a report from the American Trucking Association (ATA), the Truck Tonnage Index declined by 1.2% in April after decreasing by 2.2% in March. Furthermore, a report from the Federal Reserve Board/Haver Analytics shows that the index of industrial production in the US has been weak since 2023. In April, the seasonally adjusted index for industrial production fell by 0.77%, compared to a 0.30% annual decline recorded in March. In terms of petrochemical feedstock, naphtha declined by 43 tb/d, y-o-y, and demand for LPG was broadly flat from an increase of 288 tb/d, y-o-y seen in the previous month.

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

US oil demand			Change	Apr 24/Apr 23
By product	Apr 23	Apr 24	Growth	%
LPG	3.33	3.33	0.00	-0.1
Naphtha	0.16	0.11	-0.04	-27.6
Gasoline	9.00	8.83	-0.17	-1.8
Jet/kerosene	1.63	1.72	0.10	5.9
Diesel	3.90	3.80	-0.10	-2.5
Fuel oil	0.18	0.31	0.14	77.8
Other products	2.14	2.19	0.05	2.3
Total	**20.33**	**20.30**	**-0.03**	**-0.1**

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

Sources: EIA and OPEC.

On a positive note, residual fuels surged by 137 tb/d, y-o-y, in April, up from growth of 66 tb/d, y-o-y, seen in the previous month. Due to healthy air travel activity, jet/kerosene expanded by 96 tb/d, y-o-y, showing a further increase from the 50 tb/d y-o-y growth observed in March. According to a report from the International Air Travel Association (IATA), US domestic passenger traffic increased by 3.2% in April, marginally down from the 4.8% y-o-y increase seen in the previous month. International Revenue Passenger-Kilometres (RPK) increased by 6.5%, y-o-y, though this was lower than the 14.6% growth seen in March. At the same time, demand for the ‘other products’ category increased by 50 tb/d, y-o-y, marking an improvement from the annual decline of 63 tb/d, y-o-y, observed in the previous month.

Near-term expectations

The current economic dynamics, including strong private household consumption, are expected to continue into 2H24. Furthermore, the number of travellers that flew during this year’s Memorial Day weekend was reported to have been the highest in nearly 20 years. The summer driving season is also now underway, and the number of US travellers expected to drive more than 50 miles from home between the Memorial Day and Labor Day weekends is around 76% of US citizens. This is 1.8% higher than in 2023, according to the American Automobile Association. In addition, the US PPI unexpectedly fell in May by 0.2%, m-o-m, indicating that US inflationary pressure is easing. As a result, expectations for interest rate cuts may also increase. These factors are expected to bolster transportation fuel demand, including gasoline and jet/kerosene in 3Q24. According to US weekly data, gasoline demand in the US has been steadily rising since Memorial Day weekend and a further increase is anticipated as a record 71 million Americans are expected to have travelled during the holiday on 4 July. In addition, with the US presidential election looming, the current administration remains focused on keeping gasoline prices in check, which should support gasoline demand in the US in the near term.

Furthermore, ongoing firm petrochemical feedstock requirements for ethylene are also expected to boost LPG demand. However, lacklustre manufacturing activity amid high interest rates is anticipated to weigh on demand for diesel. Thus, US oil demand is forecast to increase by an average of about 180 tb/d, y-o-y, in 2H24, mostly supported by demand for jet/kerosene, gasoline and LPG. Overall, US oil demand in 2024 is forecast to increase by 166 tb/d, y-o-y, to average 20.53 mb/d, mostly supported by transportation fuels and light distillates.

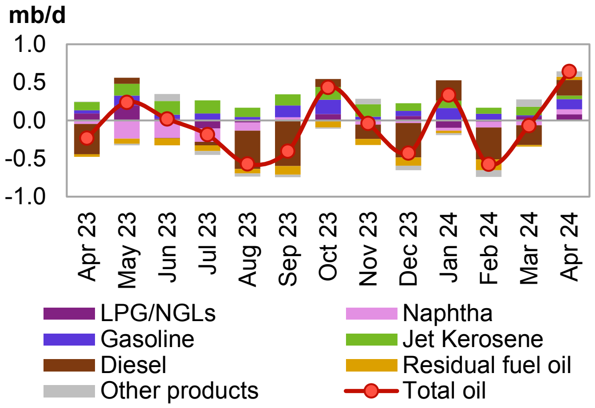
In 2025, US transportation activity is forecast to remain solid, supporting transportation fuel demand and driving overall oil demand growth in the country. Additionally, healthy demand for LPG from petrochemical requirements is expected to continue. At the same time, demand for diesel and naphtha is likely to remain subdued, as manufacturing activity has yet to exhibit evidence of a rebound. In 2025, US oil demand is projected to increase by 42 tb/d, y-o-y, to average 20.57 mb/d.

OECD Europe

Update on the latest developments

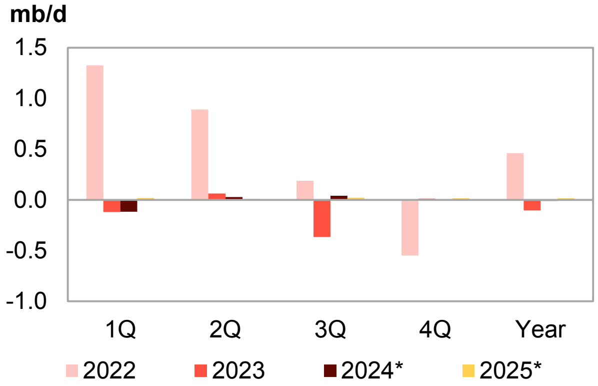
Oil demand in OECD Europe surged by 648 tb/d, y-o-y, in April, rebounding from the decline of 64 tb/d, y-o-y, seen in the previous month. This oil demand growth was supported by requirements from Germany, France, and Italy amid a very low baseline. In terms of petroleum products, the largest increase was seen in demand for diesel and gasoline.

Graph 4 - 3: OECD Europe's oil demand by main petroleum product category, y-o-y change



Sources: IEA, JODI, OPEC and national sources.

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



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

In terms of products, diesel demand increased by 206 tb/d, y-o-y, in April, up from the 260 tb/d, y-o-y, decline seen in the previous month. Diesel demand growth numbers were affected by a very weak baseline comparison. Gasoline demand surged by 135 tb/d, y-o-y, up from a slight growth of 14 tb/d, y-o-y, seen in the previous month. This came on the back of steady driving mobility amid a rise in vehicle sales in the region. Gasoline demand has been growing, y-o-y, and has surpassed pre-pandemic levels. The consumption of gasoline in the region was also supported by a shift from diesel vehicles to gasoline-powered vehicles, combined with greater commuting to work and higher vehicle miles travelled. Meanwhile, as air traffic recovery continued to strengthen in April, jet/kerosene increased by 47 tb/d, y-o-y, albeit this was below the growth of 114 tb/d, y-o-y, seen in March. A report from the IATA's Air Passenger Market Analysis states that Europe's international RPKs grew in April by 10.1%, y-o-y, and 11.7% y-t-d. Nevertheless, demand for jet/kerosene in the region still has not yet reached pre-pandemic levels.

In terms of petrochemical products, LPG expanded by 81 tb/d, y-o-y, in April, up from the growth of 55 tb/d, y-o-y, seen in the previous month. Naphtha increased by 66 tb/d, y-o-y, up from an annual decline of 61 tb/d seen in March. While residual fuels grew by 39 tb/d, y-o-y, up from a decline of 20 tb/d, y-o-y, in March, the 'other products' category expanded by 74 tb/d, y-o-y, slightly down from an increase of 94 tb/d, y-o-y, seen in the previous month.

Near-term expectations

In the near term, with real income in the EU showing an increase, the GDP of the region is expected to continue on a positive trajectory in 2H24. Furthermore, signs of economic stimulus, including the European Central Bank's announcement of its first interest rate cut in five years, are expected to provide some upside. These factors, combined with a gradual recovery in the industrial sector alongside ongoing expansion in the services sector, are anticipated to lend additional support to GDP growth, particularly in the second and third quarters of 2024. Moreover, a seasonal increase in driving mobility and air travel activity will materialize during the summer driving/holiday season, particularly in 3Q24. Additionally, Europe is hosting two major sporting events in 3Q24, with the European football championship in Germany and the Olympic Games in France expected to boost travel and tourism demand in the region.

Currently, European air traffic is only around 3% below 2019 levels and is showing an exceptional improvement amid the recovery in long-haul flights to the Americas and Asia-Pacific. Intra-European flights are also rebounding. These factors are expected to contribute positively to transportation fuel consumption, driving regional oil demand. Furthermore, anticipated gradual economic recovery and projected manufacturing expansions in late 2024, coupled with seasonal consumption from agricultural and construction companies, are expected to boost demand for diesel. Oil demand growth in the region is expected to see a moderate increase of 23 tb/d, y-o-y, in 2H24.

Petrochemical activity is also expected to show some improvement, and support naphtha demand, albeit at low levels. LPG and residual fuels are also expected to record a slight uptick. Overall, however, given the slow start to the year, the region is set to see a marginal decline of 11 tb/d, y-o-y, in 2024, for an average of 13.44 mb/d.

Potential improvements towards the end of 2024 are expected to continue into 2025, with anticipated positive GDP growth in the region. OECD Europe oil demand growth is forecast at 17 tb/d, y-o-y, driven by air travel and driving activity. An increase in vehicle fuel efficiency and penetration of electric vehicles – subject to environmental regulations within the various countries of the region – may have an impact on gasoline and diesel demand. Similarly, the European petrochemical feedstock market is poised for major changes in fundamentals, mostly due to environmental regulations and high production costs, which could weigh on demand going forward. Overall, the region is projected to consume an average of 13.45 mb/d in 2025.

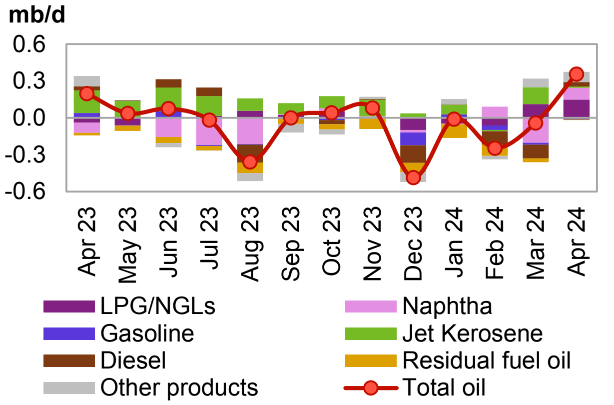
OECD Asia Pacific

Update on the latest developments

Oil demand in OECD Asia Pacific surged in April by 357 tb/d, y-o-y, up from a contraction of 42 tb/d, y-o-y, seen in March. The increase in demand was driven by requirements from South Korea and Australia.

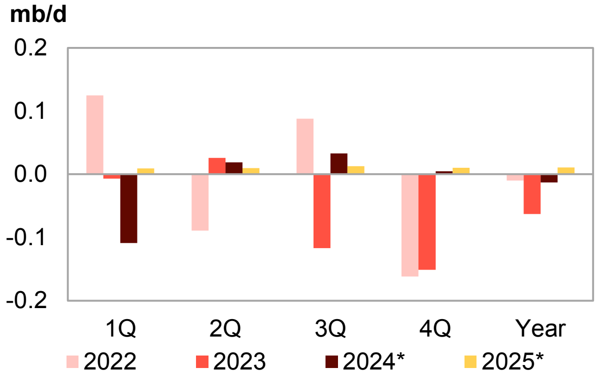
In terms of petroleum products, the largest increase stemmed from petrochemical sector requirements for feedstocks. While LPG expanded by 148 tb/d, y-o-y, in April, up from 111 tb/d, y-o-y, growth seen in the previous month, naphtha increased by 98 tb/d, y-o-y, up from a decline of 202 tb/d, y-o-y, seen in March. The 'other products' category increased by 83 tb/d, y-o-y, up from growth in the previous month of 69 tb/d, y-o-y. Diesel grew by 35 tb/d, y-o-y, in April, an improvement from the large decline of 113 tb/d, y-o-y, seen in the previous month. Jet/kerosene saw an uptick of 10 tb/d, y-o-y, below the 139 tb/d, y-o-y, increase seen in March. A report from IATA's Air Passenger Market Analysis states that air travel in the region continues to rise at a rapid pace, with international RPKs recording a 32.1% increase, y-o-y, in April, albeit showing a lesser increase from the 38.2%, y-o-y, seen in March. Within the region, Japan's domestic RPKs declined by 0.1%, y-o-y. This dip aligns with historical seasonal patterns, as demand tends to wane in April due to the end of the fiscal year and the start of school holidays in spring.

Graph 4 - 5: OECD Asia Pacific oil demand by main petroleum product category, y-o-y change



Sources: IEA, JODI, METI and OPEC.

Graph 4 - 6: OECD Asia Pacific oil demand, y-o-y change



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

Gasoline consumption in OECD Asia Pacific contracted by 12 tb/d, y-o-y, in April, albeit marking a marginal improvement from the decline of 16 tb/d, y-o-y, seen in the previous month. Residual fuels saw a minor decline of 5 tb/d, y-o-y, albeit also marking an improvement from the decline of 30 tb/d, y-o-y, seen in March.

Near-term expectations

Following a slight rebound in Japan's economic activity in 1Q24, consumer confidence remained sound amid rising activity related to tourism. Increasing visitor numbers and higher per capita spending driven by the yen's weakness are providing support to Japan's economy. Moreover, the services sector PMI, constituting around two-thirds of the Japanese economy, indicated ongoing sound developments in the services sector. Meanwhile, South Korea has decided to extend a tax cut for auto fuels, diesel, gasoline and butane through the end of August.

Furthermore, a steady recovery in air traffic, along with improvements in driving activity during the summer season, are expected to support gasoline and jet/kerosene consumption in the region. In Japan, jet fuel demand is expected to increase due to an ongoing recovery in air travel and government measures aimed at ameliorating a fuel shortage. Oil demand in the OECD Asia Pacific region is projected to increase in 2H24 by an average of nearly 20 tb/d, y-o-y. However, diesel and petrochemical feedstock could experience downward pressure due to looming economic challenges and poor olefin margins. Given the weak start of the year, overall, in 2024, oil demand in OECD Asia Pacific is forecast to marginally decline by 13 tb/d, y-o-y. The region is forecast to consume an average of 7.23 mb/d.

In 2025, expected gradual improvements in economic activity in the last quarter of 2024 are expected to support the service sector of the region. In addition, transportation and petrochemical sector requirements are expected to continue supporting OECD Asia Pacific oil demand, which is forecast to grow marginally by 11 tb/d, y-o-y, for an average of 7.24 mb/d.

Non-OECD

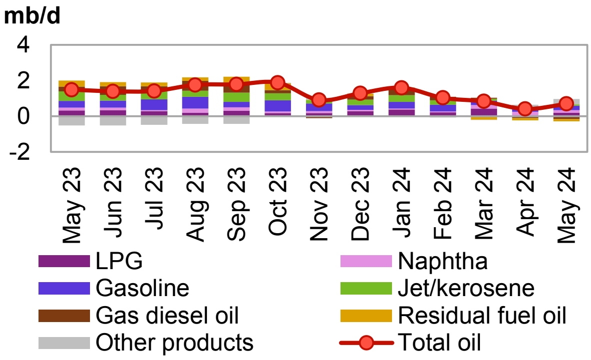
China

Update on the latest developments

China's oil demand in May surged by about 700 tb/d, y-o-y, up further from considerable growth of 418 tb/d, y-o-y, seen in the previous month. Demand was driven by strong petrochemical feedstock requirements and healthy demand in the transportation sector.

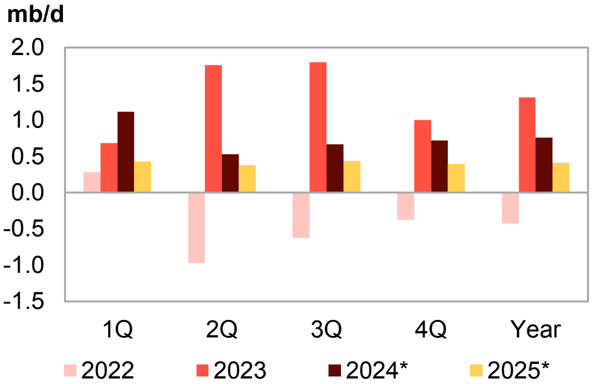
Rising petrochemical feedstock requirements resulted in LPG expanding by 208 tb/d, y-o-y, up from an annual increase of 46 tb/d in the previous month. Similarly, demand for naphtha grew by 130 tb/d, y-o-y, which was slightly below the strong growth of 200 tb/d, y-o-y, seen in the previous month. China's LPG demand, including PDH demand for propane, was supported by capacity expansion. Three PDH projects with a combined capacity of 2.13 million metric tonnes per annum have now started operations in China.

Graph 4 - 7: China's oil demand by main petroleum product category, y-o-y change



Sources: Chinese Petroleum Data Monthly, Chinese National Bureau of Statistics, JODI, Non-OECD Energy Statistics, Argus Global Markets, Argus China, and OPEC.

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



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

In May, gasoline expanded by 250 tb/d, y-o-y, up from 165 tb/d, y-o-y, growth the month before and in line with strong seasonal demand trends. The relative m-o-m increase in gasoline growth was consistent with a rise in driving mobility. Data from China's National Bureau of Statistics/Haver Analytics indicates that seasonally adjusted passenger traffic (per 100 million person-kilometres) rose by a considerable 72.79%, y-o-y, in May. This compared to an increase of 68.07%, y-o-y, in April. Jet/kerosene expanded by 74 tb/d, y-o-y, supported by a surge in air travel during the Dragon Boat Festival holidays. A report from China's Civil Aviation Administration shows that domestic and international air travel turnover increased by 8.2% and 66.0%, y-o-y, in May 2024, with domestic flight counts exceeding levels from 2019 and 2023.

The 'other products' category, which includes bitumen, surged by 311 tb/d, y-o-y, in May, following an increase of 125 tb/d, y-o-y, in April. This growth in demand was mostly supported by a weak baseline effect. However, diesel once again underperformed with a y-o-y decline of 150 tb/d, while residual fuels saw a decline of 126 tb/d, y-o-y. Diesel was affected by several factors, including the rainy season in the south and extreme heat in the north of the country, which curbed construction activity amid a lacklustre property sector. A report from China's National Bureau of Statistics (NBS) indicates that investment in the real estate sector from January to May fell by 10.1% compared with the previous year. China's industrial production in May was 1.1%, y-o-y, below April's y-o-y growth. In addition, drought conditions in central provinces have affected planting and reduced diesel demand for agricultural machinery.

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

China's oil demand			*Change May 24/May 23*	
By product	**May 23**	**May 24**	**Growth**	**%**
LPG	2.77	2.98	0.21	7.5
Naphtha	1.59	1.72	0.13	8.2
Gasoline	3.65	3.90	0.25	6.9
Jet/kerosene	1.08	1.15	0.07	6.9
Diesel	3.73	3.58	-0.15	-4.0
Fuel oil	0.96	0.84	-0.13	-13.1
Other products	2.92	3.23	0.31	10.6
Total	**16.69**	**17.39**	**0.70**	**4.2**

*Note: * Apparent oil demand. Totals may not add up due to independent rounding.*
Sources: Argus Global Markets, China OGP (Xinhua News Agency), Facts Global Energy, JODI, National Bureau of Statistics China and OPEC.

Near-term expectations

Looking ahead, on the back of an expected brighter macroeconomic environment in the near term, the travel sector is expected to remain healthy. Petrochemical feedstock demand is also expected to remain strong, supporting oil demand in China in 2H24. Moreover, jet/kerosene and gasoline are expected to lead oil demand growth amid ongoing air travel recovery and healthy road mobility. The considerable new capacity additions will require extra LPG, ethane and naphtha for use as feedstock, which is expected to strengthen feedstock demand. Accordingly, in 2024, China's oil product demand is expected to expand by around 0.8 mb/d, y-o-y. The industrial sector and manufacturing activity are expected to gain support from the government's policy to support manufacturing and high-tech industries. Moreover, robust global demand for finished goods for exports is expected at the end of the year, feeding into demand for petrochemical products. Overall, oil demand is forecast to average 17.12 mb/d. However, ongoing headwinds in the real estate sector are anticipated to continue to weigh on diesel demand.

In 2025, steady economic growth and healthy travel activity are expected to continue to support oil demand. China is expected to remain the global leader in oil demand growth, increasing by around 0.4 mb/d, y-o-y, to reach an average of 17.5 mb/d. China is also projected to lead global petrochemical feedstock demand growth, while jet fuel demand is forecast to rise due to an increase in air transportation requirements.

India

Update on the latest developments

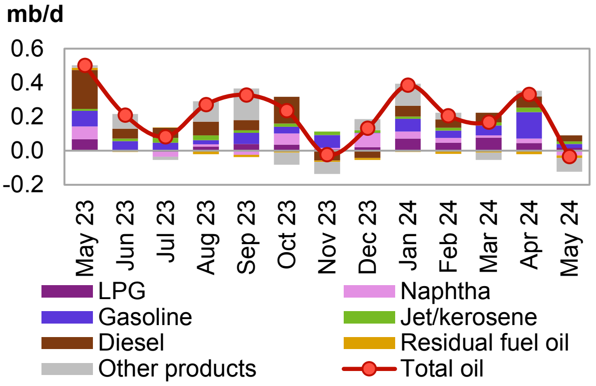
In May, India's oil demand declined by a slight 33 tb/d, y-o-y, following strong growth of 333 tb/d, y-o-y, seen in April. These soft demand numbers were affected by a strong baseline effect.

Specifically, the data shows relatively weak demand for the 'other products' category, which includes bitumen. The latter contracted by 81 tb/d, y-o-y, down from an increase of 34 tb/d, y-o-y, seen in April. Bitumen, which constitutes over 90% of the 'other products' category, was subdued by a slowdown in construction activity during the election period and cyclone activity in eastern India.

Naphtha demand also decreased by 27 tb/d, y-o-y, down from the 25 tb/d, y-o-y, increase seen in the previous month. Residual fuels contracted by 15 tb/d, y-o-y, albeit seeing an improvement from the 20 tb/d, y-o-y, decline observed in the previous month. Demand for residual fuel requirements was affected by a decline in their use in the industrial sector in some parts of India due to the banning of fuel oil use in various parts of the country.

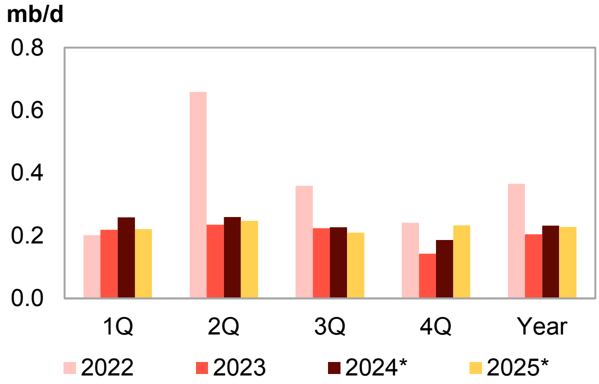
On a positive note, demand for transportation fuels and LPG was relatively firm. Gasoline grew by 23 tb/d, y-o-y, down from an increase of 156 tb/d, y-o-y, seen in the previous month. The relative m-o-m decline in May, compared with the previous month, can be attributed to an easing of travel activities after healthy mobility during the general election campaign. A report from the Ministry of Road Transport & Highways/Haver Analytics shows that gasoline motor vehicle registrations increased by only 1.36%, y-o-y, in May, compared to a hike of 24.71%, y-o-y, in April. This is consistent with a report from the Federation of Automobile Dealers Associations (FADA) Society of India, which reported tepid sales for the month. Cumulative sales in May increased by just 2.61%, y-o-y, and were down by 5.28%, m-o-m. Adverse weather conditions contributed to the slowdown.

Graph 4 – 9: India's oil demand by main petroleum product category, y-o-y change



Sources: PPAC, JODI, Non-OECD Energy Statistics and OPEC.

Graph 4 – 10: India's oil demand, y-o-y change



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

Demand for diesel increased by 35 tb/d, y-o-y, slightly below the 64 tb/d, y-o-y growth seen in the previous month. Diesel was supported by agricultural sector requirements and an increase in its usage in industrial and mining activities across various parts of India.

In terms of petrochemical feedstock, LPG saw an uptick of 17 tb/d, y-o-y, down from the 46 tb/d increase, y-o-y, seen in April. LPG consumption during the year has been largely driven by household demand, which makes up 88.4% of total LPG requirements. Jet/kerosene increased by 15 tb/d, y-o-y, which was slightly below the 27 tb/d increase, y-o-y, seen in the previous month. The m-o-m decline in jet/kerosene demand during May was due to Cyclone Remal in India, which caused major flight disruptions and airport closures, resulting in a 5% decrease in flight counts since 25 May 2024.

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

India's oil demand			*Change May 24/May 23*	
By product	**May 23**	**May 24**	**Growth**	**%**
LPG	0.88	0.90	0.02	1.9
Naphtha	0.33	0.31	-0.03	-8.1
Gasoline	0.92	0.94	0.02	2.5
Jet/kerosene	0.18	0.20	0.02	8.3
Diesel	1.99	2.03	0.04	1.8
Fuel oil	0.13	0.11	-0.02	-11.7
Other products	1.09	1.01	-0.08	-7.4
Total	**5.53**	**5.49**	**-0.03**	**-0.6**

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

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

Near-term expectations

In the near term, India's current robust economic expansion, coupled with a positive outlook for the manufacturing sector, is expected to bolster ongoing demand for oil products. This is expected to drive growth of 0.2 mb/d, y-o-y, on average in 2H24. Moreover, government initiatives aimed at supporting manufacturing and household consumption are expected to underpin demand for LPG, ethane and diesel.

At the same time, India's jet fuel demand may also surge as the government adds more airport terminals amid an ongoing recovery in air travel. Jet fuel demand is expected to outperform all other transport fuels, leading to oil demand growth in the 2024 fiscal year. According to CAPA India, this surge in demand is expected to come from the addition of 84 aircraft by Indian carriers this year. Domestic passenger traffic is projected to reach 164 million in the 2024 fiscal year, up from approximately 154 million in the previous year. International traffic could rise to 78 million from 69.7 million last year.

Overall, these factors are expected to bolster India's oil demand. Additionally, the country's annual traditional festivities are set to support transportation activity and boost gasoline demand. However, cyclone activity in eastern India and a forecast of above-average rainfall this monsoon season could weigh on agricultural and construction activities, thus in turn affecting oil demand in the third quarter. In 2024, India is expected to see healthy oil demand growth of 233 tb/d, y-o-y, for an average of 5.58 mb/d.

India's healthy economic momentum is expected to continue into 2025. Furthermore, manufacturing and business activities in India are expected to remain steady, supporting an increase in oil demand of 228 tb/d, y-o-y. Diesel is expected to continue being the main driver of demand, followed by the 'other products' category, in particular bitumen. Additionally, robust growth in transport fuels and growth in LPG and naphtha demand are expected to remain healthy and support oil demand during the year.

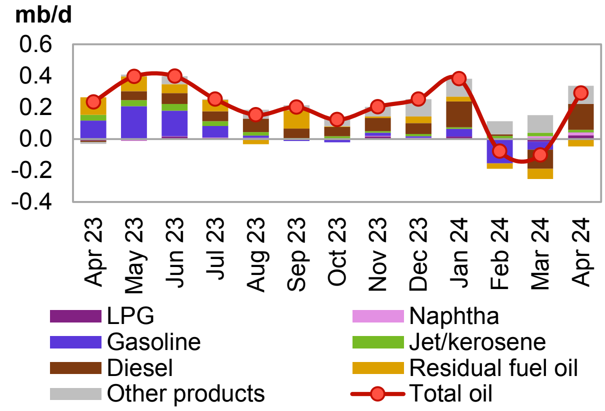
Latin America

Update on the latest developments

Oil demand in Latin America in April surged by 290 tb/d, y-o-y, amid a weaker baseline effect and a strong increase from Brazil that offset weakness from Argentina and Venezuela. Most of the increase in regional oil demand stemmed from diesel and the 'other products' category.

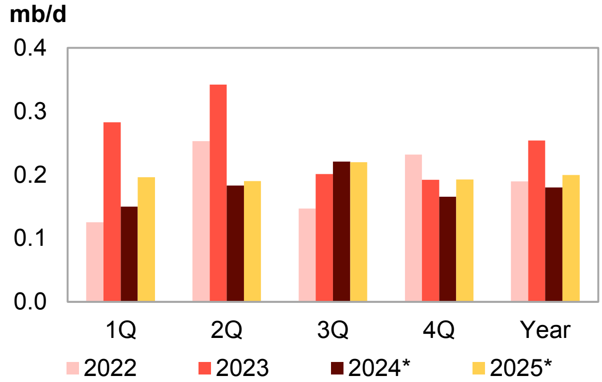
In terms of product demand, diesel requirements – primarily from Brazil – saw the largest growth, increasing by 165 tb/d, y-o-y, rebounding from the large decline of 121 tb/d, y-o-y, seen in the previous month. Diesel consumption was supported by increased agricultural activity at the beginning of the harvest season.

Graph 4 - 11: Latin America's oil demand by main petroleum product category, y-o-y change



Sources: JODI, Non-OECD Energy Statistics and OPEC.

Graph 4 - 12: Latin America's oil demand, y-o-y change



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

The 'other products' category increased by 115 tb/d, y-o-y, up marginally from the 111 tb/d, y-o-y, increase seen in March. In terms of petrochemical feedstock, while LPG increased by 22 tb/d, y-o-y, up from the annual decline of 16 tb/d, y-o-y, seen in the previous month, naphtha grew by 19 tb/d, y-o-y, marginally up from growth of 17 tb/d, y-o-y, seen in the previous month. In terms of transportation fuels, jet kerosene expanded by 15 tb/d, y-o-y, but gasoline demand was flat, y-o-y, albeit improving from the 52 tb/d, y-o-y, decline observed in the previous month. In Brazil, gasoline was subdued by competition from ethanol as well as floods in Rio Grande do Sul that adversely affected mobility and overall gasoline consumption. In addition, the economic contraction in Argentina is also affecting both gasoline and gasohol consumption.

Jet/kerosene fuel demand was supported by ongoing air travel recovery in the region. A report from IATA's Air Passenger Market Analysis states that Latin American carriers saw a 14.5% increase, y-o-y, in international RPKs in April. At the same time, Brazil achieved a y-o-y growth of 6.5% in air travel. Residual fuels were broadly unchanged, y-o-y, contrasting with the 48 tb/d y-o-y contraction seen in the previous month.

Near-term expectations

Looking ahead to 2H24, there are expectations for buoyant economic activity in parts of the region, as inflationary pressures and interest rates ease in some markets. In Brazil, the largest oil-consuming country in the region, ongoing strong consumer spending – driven by rising real wages, lower inflation, and declining interest rates – is expected to be the main driver of growth. In addition, forward-looking indicators from Brazil indicate a positive trajectory regarding services and manufacturing activities.

The recovery in air travel is expected to continue, supporting further growth in jet fuel demand, particularly due to stronger seasonal demand. Demand from agriculture, manufacturing, and power generation is expected to support demand for distillates. Oil demand in the region is projected to show healthy growth of 193 tb/d, y-o-y, in 2H24. In 2024, oil demand is expected to expand by 180 tb/d, y-o-y, to average 6.87 mb/d. Specifically, transportation fuels – jet/kerosene, gasoline and diesel – are projected to drive overall oil demand growth.

In 2025, healthy economic activity amid an expected acceleration in Brazil's economy, which will likely stem from fiscal consolidation and the early benefits of tax reforms, is expected to support oil demand in the region.

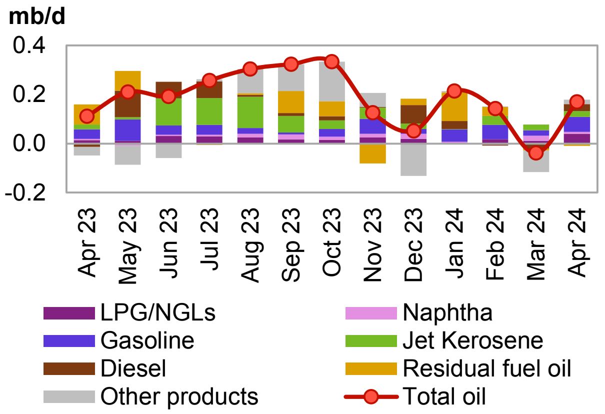
Both transportation and manufacturing activities are expected to support the average oil demand growth forecast at 200 tb/d, y-o-y, for an average of 7.07 mb/d. Transportation fuels, including gasoline, jet/kerosene and diesel, are anticipated to drive demand growth.

Middle East

Update on the latest developments

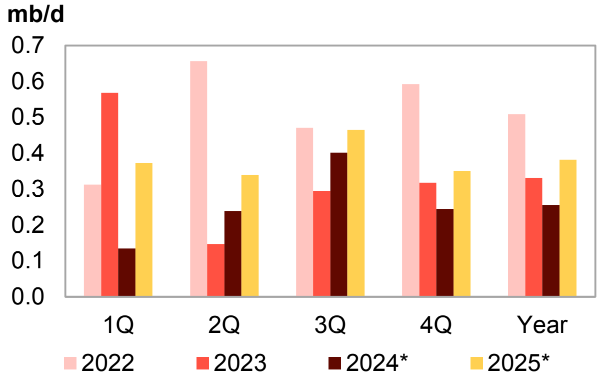
Oil demand in the Middle East in April surged by 169 tb/d, y-o-y, up from a decline of 38 tb/d, y-o-y, seen in the previous month. The strong increase in oil demand was supported by transportation fuels and petrochemical feedstock requirements in major consuming countries across the region.

Graph 4 - 13: Middle East's oil demand by main petroleum product category, y-o-y change



Sources: JODI, Non-OECD Energy Statistics and OPEC.

Graph 4 - 14: Middle East's oil demand, y-o-y change



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

Looking at demand for specific products, transportation fuels exhibited an impressive performance in April. Gasoline demand increased by 61 tb/d, y-o-y, up from growth of 22 tb/d, y-o-y, seen in the previous month. Diesel expanded by 29 tb/d, y-o-y, up from the 20 tb/d y-o-y decline seen in the previous month. Jet/kerosene saw growth of 23 tb/d, y-o-y, the same growth level as seen in the previous month. The product was supported by healthy air travel in the region. In this regard, a report from IATA showed that international RPKs in the Middle East registered growth of 14.2%, y-o-y, in April, compared with growth of 10.8% y-o-y, observed in March.

The 'other products' category grew by 18 tb/d, y-o-y, rebounding from the decline of 89 tb/d, y-o-y, seen in the previous month. In terms of petrochemical feedstock, LPG expanded by 40 tb/d, y-o-y, compared with an 11 tb/d y-o-y increase, while naphtha saw an uptick of 8 tb/d, y-o-y, down from 22 tb/d y-o-y growth in the previous month.

Near-term expectations

In the near term, the regional oil demand outlook remains promising. Oil demand in the region is expected to see an increase of 323 tb/d, y-o-y, on average in 2H24, on contributions from Saudi Arabia and Iraq. Demand in the second half of 2024 is projected to be stronger than in the first half of the year.

The largest economies of the region continue to demonstrate robust growth in their non-oil sectors. Furthermore, the forward-looking indicators in the region's largest economies have consistently remained at expansionary trajectories of above 50 points for over a year, indicating a positive outlook for oil demand in the region in the near term. Oil demand is expected to be supported by strong government support and solid consumer spending.

Increasing flights to and from the GCC during the peak travel season are expected to support jet/kerosene demand, leading to this growth in terms of petroleum products. Moreover, the inauguration of four new airports and terminals in Saudi Arabia and the UAE earlier this year is expected to bolster air travel in the region.

In addition, rising temperatures during the hot summer season are expected to increase demand for air conditioning and support demand in the region for diesel, fuel oil and crude for direct burning. Furthermore, the current focus on petrochemical sector development is set to bolster petrochemical feedstock requirements in the region. Overall, Middle East oil demand in 2024 is expected to grow by 255 tb/d, y-o-y, for an average of 8.89 mb/d.

In 2025, healthy economic dynamics amid spending on infrastructure and mega projects in the Middle East, such as Saudi Arabia's Vision 2030 economic diversification programme and other projects across the region, are projected to continue. In addition, mobility and petrochemical sector requirements are expected to remain steady. These factors are anticipated to support demand for transportation fuels and other distillates. As a result, regional oil demand in 2025 is expected to expand by 382 tb/d, y-o-y, reaching an average of 9.27 mb/d.

World Oil Supply

Non-DoC liquids supply (i.e., liquids supply from countries not participating in the Declaration of Cooperation) is expected to expand by 1.2 mb/d in 2024 to average 53.0 mb/d, unchanged from the previous month's assessment.

US crude and condensate production in April rose very close to its all-time high, while natural gas liquids (NGLs) production set a new monthly record. Accordingly, US liquids supply growth for 2024 is estimated at 0.5 mb/d. In addition to the US, the main drivers for expected non-DoC growth in 2024 are Canada and Brazil.

In 2025, non-DoC liquids supply growth is expected at 1.1 mb/d to average 54.1 mb/d, broadly unchanged from the previous month's assessment. Growth is expected to be driven mainly by the US, Brazil, Canada and Norway, while the main decline is expected in Angola.

DoC NGLs and non-conventional liquids are forecast to grow by around 0.1 mb/d to average 8.3 mb/d in 2024, followed by an increase of around 20 tb/d to average 8.4 mb/d in 2025. OPEC NGLs and non-conventional liquids production is expected to increase by around 60 tb/d to average 5.5 mb/d in 2024, while additional growth of 110 tb/d is forecast in 2025 to average 5.6 mb/d.

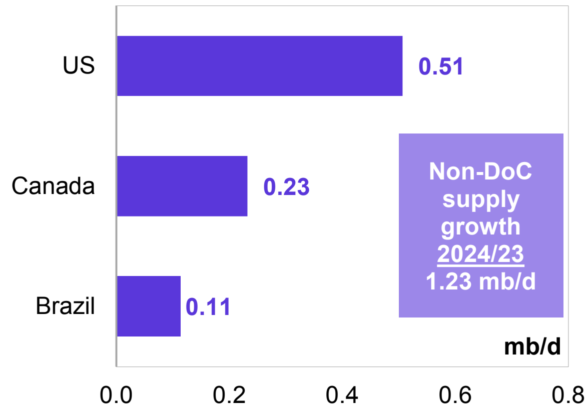
DoC crude oil production in June dropped by 125 tb/d, m-o-m, averaging 40.80 mb/d, as reported by available secondary sources.

Key drivers of growth and decline

Non-DoC liquids supply is expected to grow by 1.2 mb/d in 2024, broadly unchanged from the previous month's assessment. The main drivers for non-DoC liquids supply growth in 2024 are expected to be the US, Canada and Brazil.

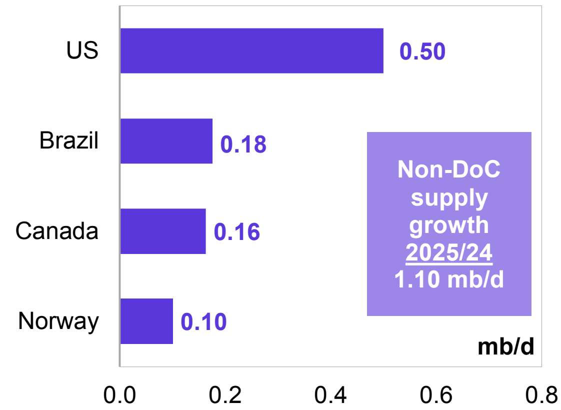
In 2025, non-DoC liquids supply growth is expected at 1.1 mb/d, largely unchanged from the previous month's assessment. Growth is set to be driven mainly by the US, Brazil, Canada and Norway.

Graph 5 - 1: Annual liquids production changes, y-o-y, for selected countries in 2024*



*Note: * 2024 = Forecast. Source: OPEC.*

Graph 5 - 2: Annual liquids production changes, y-o-y, for selected countries in 2025*



*Note: * 2025 = Forecast. Source: OPEC.*

Non-DoC liquids production in 2024 and 2025

Table 5 - 1: Non-DoC liquids production in 2024*, mb/d

Non-DoC liquids production	2023	1Q24	2Q24	3Q24	4Q24	2024	Change 2024/23 Growth	%
Americas	26.59	26.91	27.45	27.38	27.59	27.33	0.74	2.78
of which US	*20.90*	*21.02*	*21.66*	*21.43*	*21.51*	*21.40*	*0.51*	*2.43*
Europe	3.65	3.68	3.64	3.66	3.79	3.69	0.04	1.07
Asia Pacific	0.45	0.46	0.44	0.44	0.43	0.44	-0.01	-1.72
Total OECD	**30.69**	**31.05**	**31.53**	**31.48**	**31.81**	**31.47**	**0.77**	**2.51**
China	4.52	4.62	4.59	4.46	4.46	4.53	0.02	0.35
India	0.79	0.80	0.79	0.80	0.79	0.80	0.01	1.22
Other Asia	1.61	1.62	1.63	1.58	1.58	1.60	-0.01	-0.68
Latin America	6.96	7.28	7.17	7.40	7.50	7.34	0.38	5.44
Middle East	2.02	2.00	2.00	2.01	2.02	2.01	-0.01	-0.71
Africa	2.22	2.24	2.25	2.24	2.26	2.25	0.03	1.32
Other Eurasia	0.36	0.36	0.36	0.36	0.37	0.36	0.00	0.02
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	-0.64
Total Non-OECD	**18.58**	**19.03**	**18.91**	**18.96**	**19.08**	**18.99**	**0.41**	**2.19**
Total Non-DoC production	49.28	50.07	50.44	50.44	50.88	50.46	1.18	2.39
Processing gains	2.47	2.52	2.52	2.52	2.52	2.52	0.05	2.02
Total Non-DoC liquids production	**51.75**	**52.59**	**52.96**	**52.96**	**53.40**	**52.98**	**1.23**	**2.38**
Previous estimate	51.73	52.58	52.79	53.02	53.45	52.96	1.23	2.38
Revision	0.01	0.01	0.16	-0.06	-0.05	0.01	0.00	0.00

*Note: * 2024 = Forecast. Totals may not add up due to independent rounding.*
Revisions in 2024 are due to an upward revision of the historical baseline.
Source: OPEC.

Table 5 - 2: Non-DoC liquids production in 2025*, mb/d

Non-DoC liquids production	2024	1Q25	2Q25	3Q25	4Q25	2025	Change 2025/24 Growth	%
Americas	27.33	27.93	27.73	27.97	28.35	28.00	0.66	2.43
of which US	*21.40*	*21.81*	*21.83*	*21.88*	*22.09*	*21.90*	*0.50*	*2.34*
Europe	3.69	3.87	3.75	3.72	3.83	3.79	0.10	2.72
Asia Pacific	0.44	0.43	0.42	0.43	0.44	0.43	-0.01	-1.77
Total OECD	**31.47**	**32.24**	**31.90**	**32.13**	**32.62**	**32.22**	**0.76**	**2.40**
China	4.53	4.57	4.55	4.51	4.52	4.54	0.01	0.13
India	0.80	0.79	0.80	0.81	0.81	0.80	0.01	0.98
Other Asia	1.60	1.60	1.58	1.56	1.56	1.57	-0.03	-1.81
Latin America	7.34	7.50	7.54	7.62	7.75	7.60	0.26	3.61
Middle East	2.01	2.01	2.04	2.04	2.03	2.03	0.02	1.01
Africa	2.25	2.27	2.27	2.27	2.26	2.27	0.02	0.76
Other Eurasia	0.36	0.36	0.36	0.36	0.36	0.36	0.00	0.06
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	1.99
Total Non-OECD	**18.99**	**19.21**	**19.24**	**19.28**	**19.40**	**19.28**	**0.29**	**1.52**
Total Non-DoC production	50.46	51.45	51.14	51.40	52.02	51.50	1.04	2.07
Processing gains	2.52	2.58	2.58	2.58	2.58	2.58	0.06	2.38
Total Non-DoC liquids production	**52.98**	**54.03**	**53.72**	**53.98**	**54.60**	**54.08**	**1.10**	**2.09**
Previous estimate	52.96	54.01	53.70	53.97	54.58	54.07	1.10	2.08
Revision	0.01	0.02	0.02	0.02	0.02	0.02	0.00	0.00

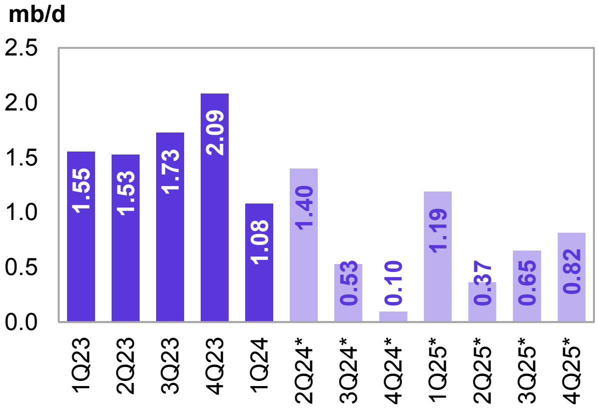
*Note: * 2025 = Forecast. Totals may not add up due to independent rounding.*
Revisions in 2024 and 2025 are due to an upward revision of the historical baseline.
Source: OPEC.

OECD

For 2024, OECD liquids production (excluding DoC participating country Mexico) is anticipated to expand by about 0.8 mb/d to average 31.5 mb/d. Growth is set to be led by OECD Americas, with an expected increase of 0.7 mb/d to average 27.3 mb/d. This is revised up by 65 tb/d compared with the previous month's assessment. Yearly liquids production in OECD Europe is expected to rise by about 40 tb/d to average 3.7 mb/d, which is revised down by 63 tb/d compared with the previous assessment. OECD Asia Pacific is expected to decline by 8 tb/d, y-o-y, to average 0.4 mb/d.

OECD liquids production is forecast to grow by 0.8 mb/d to average 32.2 mb/d in 2025. OECD Americas is expected to be the main growth driver, with an expected increase of 0.7 mb/d for an average of 28.0 mb/d. Yearly liquids production in the OECD Europe is expected to grow by 0.1 mb/d to average 3.8 mb/d, while OECD Asia Pacific is expected to decline by a minor 8 tb/d, y-o-y, to average 0.4 mb/d.

Graph 5 - 3: OECD quarterly liquids supply, y-o-y changes



*Note: * 2Q24-4Q25 = Forecast. Source: OPEC.*

US

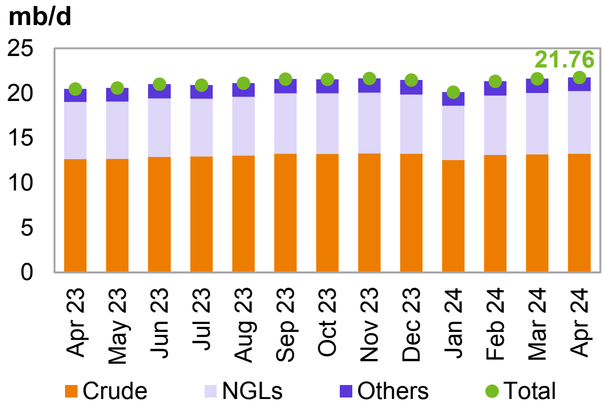
US liquids production in April rose by 146 tb/d, m-o-m, to average 21.8 mb/d. This was 1.3 mb/d higher than in April 2023.

Crude oil and condensate production rose by 72 tb/d, m-o-m, to average 13.2 mb/d in April, up by 0.6 mb/d, y-o-y.

In terms of crude and condensate production breakdown by region (PADDs), production increased on the US Gulf Coast (USGC) by 42 tb/d to average 9.6 mb/d. Production in the East Coast (PADD 1) and in the Rocky Mountain (PADD 4) remained broadly unchanged. Output in the Midwest (PADD 2) rose by 31 tb/d, while the West Coast (PADD 5) saw a minor output drop of 6 tb/d, m-o-m.

A m-o-m jump in production in the main producing regions can primarily be attributed to higher output in Texas, the offshore Gulf of Mexico (GoM), North Dakota and Ohio. Conversely, production in New Mexico fell.

Graph 5 - 4: US monthly liquids output by key component



Sources: EIA and OPEC.

NGLs production rose by 142 tb/d, m-o-m, to average 7.0 mb/d in April. This was 0.6 mb/d higher, y-o-y. According to the US Department of Energy (DoE), the production of non-conventional liquids (mainly ethanol) dropped by 68 tb/d, m-o-m, to average 1.5 mb/d. Preliminary estimates show non-conventional liquids averaging about 1.6 mb/d in May, higher by about 50 tb/d, m-o-m.

GoM production increased by 14 tb/d, m-o-m, to average 1.8 mb/d in April. Output is still lower than expected due to several operational issues on several platforms, but GoM production is expected to remain supported by new project ramp-ups. In the onshore Lower 48, crude and condensate production rose by 61 tb/d, m-o-m, to average 11.0 mb/d in April.

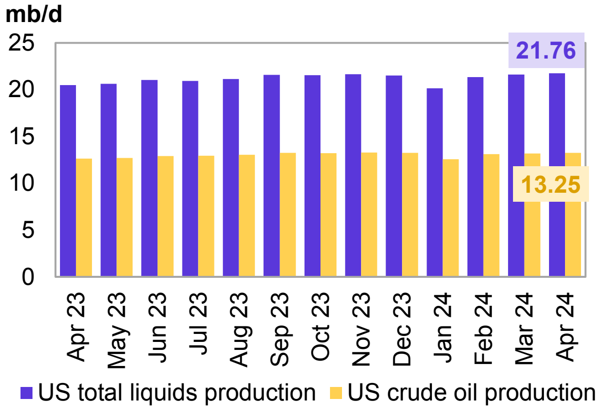
Table 5 - 3: US crude oil production by selected state and region, tb/d

State	Apr 23	Mar 24	Apr 24	Change m-o-m	y-o-y
Texas	5,408	5,583	5,636	53	228
New Mexico	1,860	2,016	1,992	-24	132
Gulf of Mexico (GOM)	1,736	1,817	1,831	14	95
North Dakota	1,108	1,214	1,225	11	117
Colorado	451	474	459	-15	8
Alaska	434	433	430	-3	-4
Oklahoma	440	400	409	9	-31
Total	**12,650**	**13,176**	**13,248**	**72**	**598**

Sources: EIA and OPEC.

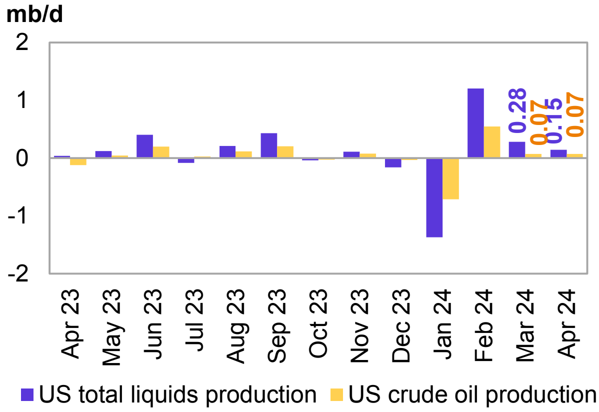
In terms of individual US states, New Mexico's oil production fell by 24 tb/d to average 2.0 mb/d, which is 132 tb/d higher than a year ago. Production from Texas was up by 53 tb/d to average 5.6 mb/d, which is 228 tb/d higher than a year ago. In the Midwest, North Dakota's production rose by 11 tb/d, m-o-m, to average 1.2 mb/d, up 117 tb/d, y-o-y, while Oklahoma's production increased by 9 tb/d, m-o-m, to average 0.4 mb/d. Production in Colorado dropped by 15 tb/d, m-o-m, while output in Alaska remained mostly unchanged.

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



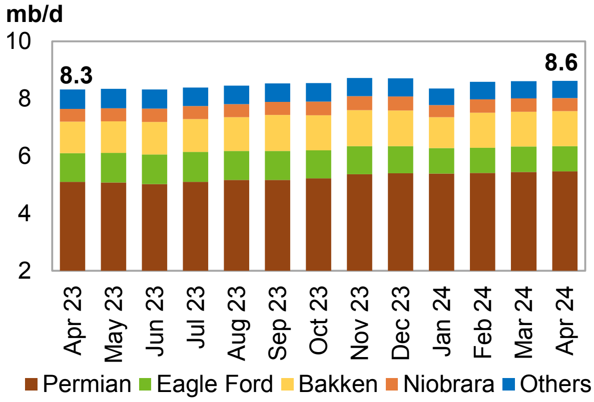
Sources: EIA and OPEC.

US tight crude output in April is estimated to have risen by 10 tb/d, m-o-m, to average 8.6 mb/d, according to the latest estimates from the US Energy Information Administration (EIA). This was 0.3 mb/d higher than in the same month last year.

The m-o-m increase from shale and tight formations using horizontal wells mainly came from Permian shale production in Texas and New Mexico, where output rose by 18 tb/d to average 5.5 mb/d. This was up by 0.4 mb/d, y-o-y.

In North Dakota, Bakken shale oil output remained largely unchanged, m-o-m. It averaged 1.2 mb/d, or about 120 tb/d higher, y-o-y. Tight crude output at Eagle Ford in Texas marginally declined to average 0.9 mb/d, down by 124 tb/d, y-o-y. Production at Niobrara-Codell in Colorado and Wyoming was largely unchanged, averaging 464 tb/d.

Graph 5 - 7: US tight crude output breakdown

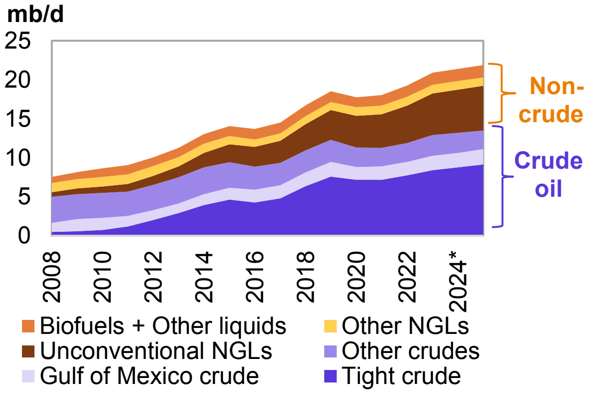


Sources: EIA and OPEC.

US liquids production in 2024, excluding processing gains, is expected to grow by 0.5 mb/d, y-o-y, to average 21.4 mb/d. This is revised up from the previous assessment due to estimated strong outputs in recent weeks. The forecast assumes a modest level of drilling activity and fewer supply chain/logistical issues this year at the prolific Permian, Bakken and Eagle Ford shale sites.

Crude oil and condensate output in 2024 is expected to increase by 0.3 mb/d, y-o-y, to average 13.2 mb/d. At the same time, NGLs production and that of non-conventional liquids, particularly ethanol, is projected to increase by 0.2 mb/d and 30 tb/d, y-o-y, to average 6.6 mb/d and 1.6 mb/d, respectively.

Graph 5 - 8: US liquids supply developments by component



*Note: * 2024-2025 = Forecast.*
Source: OPEC.

Average tight crude output in 2024 is expected to reach 8.8 mb/d, up by 0.4 mb/d, y-o-y. The 2024 forecast assumes ongoing capital discipline and less inflationary pressure, as well as moderating supply chain issues and oil field service constraints. At the same time, well productivity and operational efficiency improvements are expected to support crude production despite a reduction in drilling rig counts.

US liquids production, excluding processing gains, is expected to grow by 0.5 mb/d, y-o-y, to average 21.9 mb/d in 2025. This assumes a mild increase in drilling activity, lower service cost inflation and continued well productivity improvements in the key shale basins. Crude oil and condensate output is expected to rise by 0.3 mb/d, y-o-y, to average 13.5 mb/d. At the same time, NGLs production and that of non-conventional liquids, particularly ethanol, is projected to increase, y-o-y, by 0.2 mb/d and 20 tb/d, to average 6.8 mb/d and 1.6 mb/d, respectively. Average tight crude output in 2025 is expected to reach 9.2 mb/d, up by 0.4 mb/d, y-o-y. The 2025 forecast assumes ongoing capital discipline in the US upstream sector.

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

US liquids	2023	*Change* 2023/22	2024*	*Change* 2024/23	2025*	*Change* 2025/24
Tight crude	8.41	0.64	8.77	0.36	9.17	0.40
Gulf of Mexico crude	1.86	0.13	1.84	-0.02	1.93	0.09
Conventional crude oil	2.66	0.24	2.62	-0.04	2.42	-0.20
Total crude	**12.93**	**1.02**	**13.23**	**0.30**	**13.51**	**0.29**
Unconventional NGLs	5.31	0.53	5.52	0.21	5.73	0.21
Conventional NGLs	1.12	-0.03	1.09	-0.03	1.07	-0.02
Total NGLs	**6.43**	**0.50**	**6.61**	**0.18**	**6.80**	**0.19**
Biofuels + Other liquids	1.54	0.10	1.57	0.03	1.59	0.02
US total supply	**20.90**	**1.61**	**21.40**	**0.51**	**21.90**	**0.50**

*Note: * 2024-2025 = Forecast.*

Sources: EIA, OPEC and Rystad Energy.

US tight crude production in the Permian during 2024 is expected to increase by 0.4 mb/d, y-o-y, to average 5.5 mb/d. In 2025, it is forecast to grow by 0.3 mb/d, y-o-y, to average 5.9 mb/d.

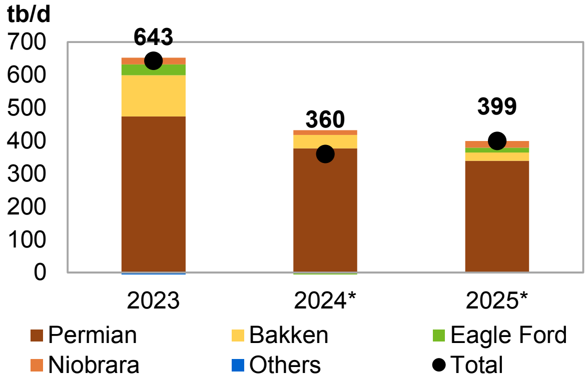
In North Dakota, Bakken shale production is still expected to remain below the pre-pandemic average of 1.4 mb/d. Growth of just 40 tb/d and 25 tb/d is expected for 2024 and 2025, respectively, to average around 1.2 mb/d over both years. This trend could indicate maturity in the basin.

Eagle Ford in Texas saw an output of 1.2 mb/d in 2019, followed by declines in 2020 and 2021. With marginal increases in 2022 and 2023, output is estimated to have averaged 1.0 mb/d in 2023. In 2024, a decline of 40 tb/d is expected for the basin, while growth of 15 tb/d is forecast for 2025.

Niobrara's production is expected to rise by around 15 tb/d, y-o-y, in 2024, to average 0.5 mb/d. With an expected growth of 20 tb/d, output is forecast to remain at 0.5 mb/d for 2025.

In the remaining tight plays, which are seeing a modest pace of drilling and completion activities, production is expected to drop by about 30 tb/d this year before stabilizing in 2025.

Graph 5 - 9: US tight crude output by shale play, y-o-y changes



*Note: * 2024-2025 = Forecast.*
Sources: EIA and OPEC.

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

US tight oil	2023	Change 2023/22	2024*	Change 2024/23	2025*	Change 2025/24
Permian tight	5.14	0.47	5.52	0.38	5.86	0.34
Bakken shale	1.16	0.13	1.20	0.04	1.22	0.03
Eagle Ford shale	1.00	0.03	0.96	-0.04	0.98	0.02
Niobrara shale	0.45	0.02	0.47	0.01	0.49	0.02
Other tight plays	0.66	-0.01	0.62	-0.03	0.62	0.00
Total	**8.41**	**0.64**	**8.77**	**0.36**	**9.17**	**0.40**

*Note: * 2024-2025 = Forecast.*

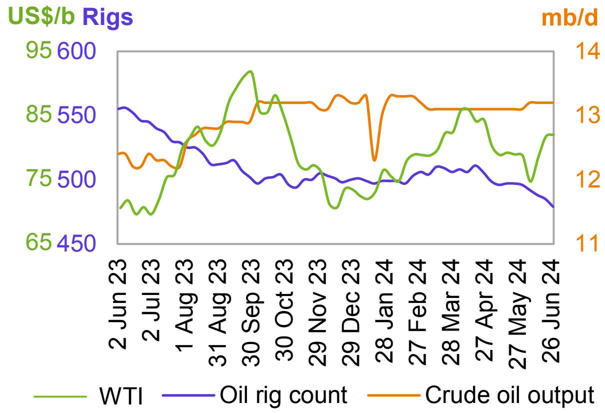
Source: OPEC.

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

The total number of active US oil and gas drilling rigs in the week ending 28 June 2024 dropped by seven to 581, according to Baker Hughes. This is 93 fewer rigs than a year ago. The number of active offshore rigs remained unchanged, w-o-w, at 21. This is two more than in the same month a year earlier. The number of onshore oil and gas rigs dropped by seven, w-o-w, to stand at 560, with no rigs in inland waters. This is down by 93 rigs, y-o-y.

The US horizontal rig count dropped by seven, w-o-w, to 518, compared with 606 horizontal rigs a year ago. The number of drilling rigs for oil fell by six, w-o-w, to 479, while the number of gas drilling rigs dropped by one, w-o-w, to 97.

Graph 5 - 10: US weekly rig count vs. US crude oil output and WTI price



Sources: Baker Hughes, EIA and OPEC.

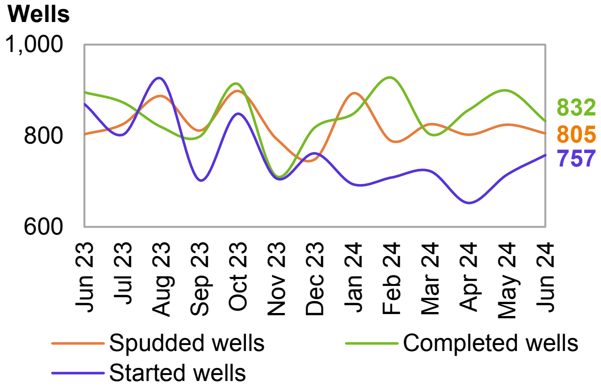
The Permian's rig count fell by three, w-o-w, to 305. Rig counts remained unchanged in Williston, Cana Woodford and DJ-Niobrara at 35, 17 and 10, respectively. The number of rigs fell by three, w-o-w, in Eagle Ford to 47.

According to Rystad Energy, drilling and completion activities for oil-producing wells in all US shale plays include 824 horizontal wells spudded in May (as per preliminary data). This is higher by 22, m-o-m, and 6% higher than May last year.

Preliminary data for May indicates a higher number of completed wells, m-o-m, at 899, though the number is up by about 1%, y-o-y. The number of started wells is estimated at 714, which is 23% lower than a year earlier.

Preliminary data for June saw 805 spudded, 832 completed and 757 started wells, based on Rystad Energy.

Graph 5 - 11: Spudded, completed and started wells in US shale plays

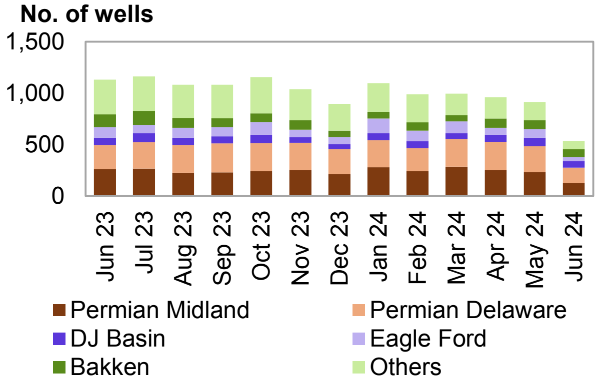


Note: May 24-Jun 24 = Preliminary data.
Sources: Rystad Energy and OPEC.

In terms of identifying US oil and gas fracking operations by region, Rystad Energy reported that 960 wells started to frack in April. In May and June, it stated that 914 and 535 wells began fracking, respectively, according to preliminary numbers based on an analysis of high-frequency satellite data.

In regional terms, preliminary data for May shows that 232 and 251 wells started fracking in the Permian Midland and Permian Delaware regions, respectively. There was a drop of 23 wells in the Midland region and a decline of 20 in Delaware compared with April. Data also indicates that 83 wells began fracking in the DJ Basin, 86 in Eagle Ford, and 84 in Bakken during May.

Graph 5 - 12: Started fracs per month by regions



Note: May 24-Jun 24 = Preliminary data.
Sources: Rystad Energy Shale Well Cube and OPEC.

Canada

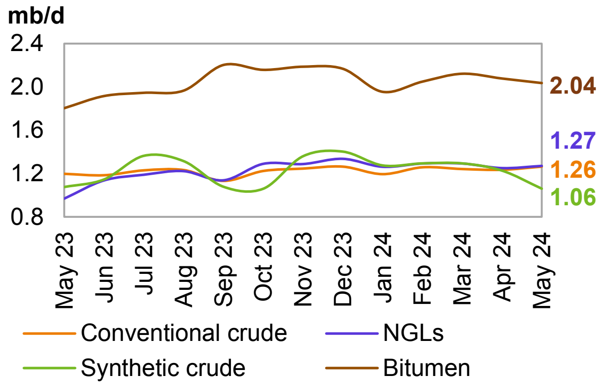
Canada's liquids production in May is estimated to have dropped by about 160 tb/d, m-o-m, to average 5.7 mb/d.

Conventional crude production rose in May by 29 tb/d, m-o-m, to average 1.3 mb/d. NGLs output was up by 20 tb/d, m-o-m, to average 1.3 mb/d.

Crude bitumen production output fell in May by 42 tb/d, m-o-m, and synthetic crude production dropped by 167 tb/d, m-o-m. Taken together, crude bitumen and synthetic crude production fell by 0.2 mb/d to average 3.1 mb/d.

Liquid production in 2Q24 is expected to be subdued due to major scheduled maintenance, but a gradual recovery is expected in 3Q24. At the same time, wildfire conditions could threaten oil sand operations across northeastern Alberta and disturb expected production this year.

Graph 5 - 13: Canada's monthly liquids production development by type

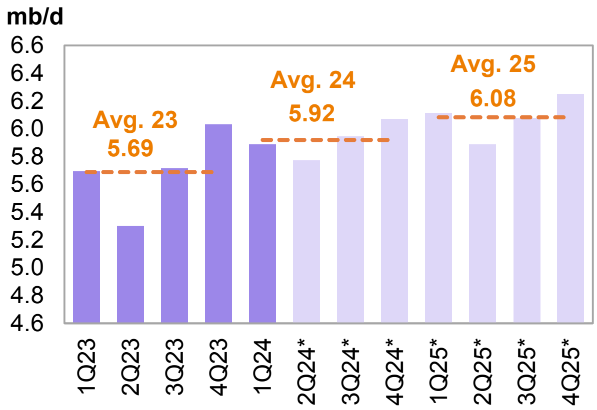


Sources: Statistics Canada, Alberta Energy Regulator and OPEC.

In 2024, Canada's liquids production is forecast to increase at a much faster pace compared with 2023, rising by 0.2 mb/d to average 5.9 mb/d. Incremental production is expected to come from oil sands project ramp-ups, optimization, and the expansion of existing facilities in areas like Montney, Kearl and Fort Hills, in addition to some conventional field growth. At the same time, new trade flows could stimulate production amid the commissioning of the Trans Mountain Expansion (TMX) pipeline on 1 May of this year.

Canada's liquids production is forecast to grow by 0.2 mb/d to average 6.1 mb/d in 2025. Additional production is expected to come from expanding oil sands projects and some growth in conventional fields. Sources of production are primarily expected from the Athabasca, Syncrude Mildred Lake, Kearl, Horizon, Christina Lake, Suncor and Foster Creek oil sands projects. The main start-ups in 2025 are expected to be Syncrude Mildred Lake/Aurora, Narrows Lake, Lloyd Thermal, Cold Lake Oil Sands, and the Montney Play.

Graph 5 - 14: Canada's quarterly liquids production and forecast



*Note: * 2Q24-4Q25 = Forecast. Source: OPEC.*

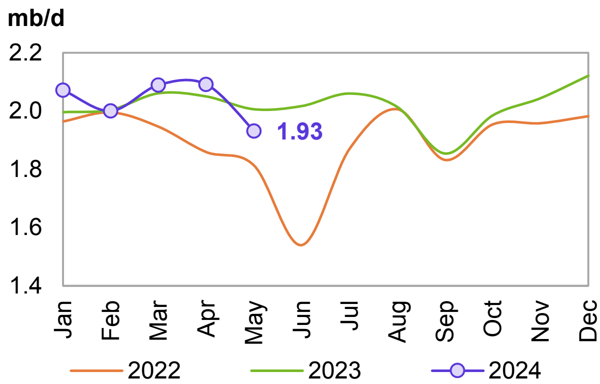
Norway

Norwegian liquids production in May dropped by 160 tb/d, m-o-m, to average 1.9 mb/d, mainly due to planned maintenance. Norway's crude production decreased by 151 tb/d, m-o-m, in May to average 1.7 mb/d. This was down by 97 tb/d, y-o-y. Monthly oil production was 2.9% higher than the Norwegian Offshore Directorate's (NOD) forecast.

Production of NGLs and condensate fell by just 9 tb/d, m-o-m, to average 0.2 mb/d, according to NOD data.

For 2024, Norwegian liquids production is forecast to increase by 30 tb/d to average 2.0 mb/d. This was revised down by 69 tb/d from the previous assessment due to a higher maintenance effect. Several projects are scheduled to ramp up this year. At the same time, start-ups are expected at the Balder/Ringhorne, Eldfisk, Kristin, Hanz and PL636 offshore projects, along with the Alvheim and Skarv Aasgard floating, production, storage and offloading (FPSO) projects. Johan Castberg is projected to be the main source of output growth, with the first oil planned for later this year. The completion and commissioning activities for Johan Castberg's FPSO and inshore testing have been recently carried out at Aker Stord, and it is expected to set sail this summer.

Graph 5 - 15: Norway's monthly liquids production development



Sources: The Norwegian Offshore Directorate (NOD) and OPEC.

In 2025, Norwegian liquids production is forecast to grow by 0.1 mb/d to average 2.1 mb/d. Several small-to-large-scale projects are scheduled to ramp up in 2025, including Johan Castberg, Kristin, Eldfisk and Balder/Ringhorne. At the same time, start-ups are expected at the Ormen Lange, Snohvit, Halten East, Tyrving, Eirin, Norne FPSO, Maria and Verdande projects.

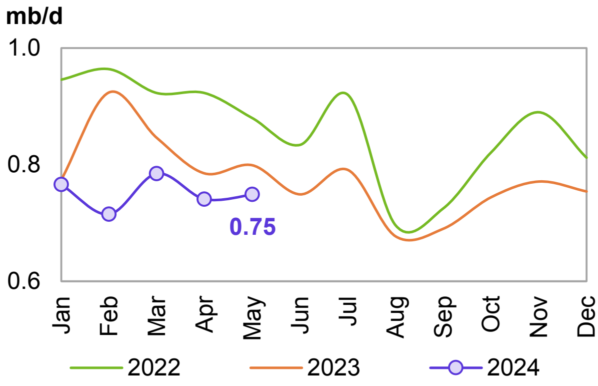
UK

In May, UK liquids production rose by 8 tb/d, m-o-m, to average 0.7 mb/d. Crude oil output increased by just 5 tb/d, m-o-m, to average 0.6 mb/d. This was lower by 57 tb/d, y-o-y, according to official data. NGLs output rose by a minor 3 tb/d, to average 84 tb/d.

For 2024, UK liquids production is forecast to drop by 14 tb/d to average 0.8 mb/d. Production ramp-ups will be seen at the ETAP and Clair sites, as well as at the Anasuria and Captain enhanced oil recovery (EOR) start-up projects. The Penguins FPSO unit is expected to be towed out to the UK North Sea fields in 2H24.

UK liquids production is forecast to stay steady at an average of 0.8 mb/d in 2025. Production ramp-ups will be seen at the Clair sites and Schiehallion. Elsewhere, project start-ups are expected at the Alwyn, Laggan-Tormore, Murlach (Skua redevelopment) and Janice assets. However, decline rates from the ageing basin are expected to offset these additional volumes.

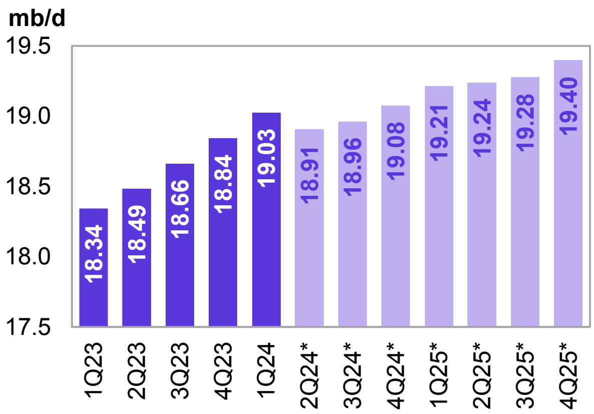
Graph 5 - 16: UK monthly liquids production development



Sources: UK Department for Business, Energy and Industrial Strategy and OPEC.

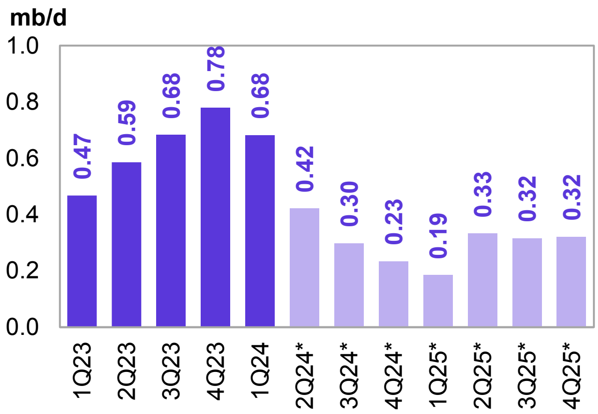
Non-OECD

Graph 5 - 17: Non-OECD quarterly liquids production and forecast



*Note: * 2Q24-4Q25 = Forecast. Source: OPEC.*

Graph 5 - 18: Non-OECD quarterly liquids supply, y-o-y changes

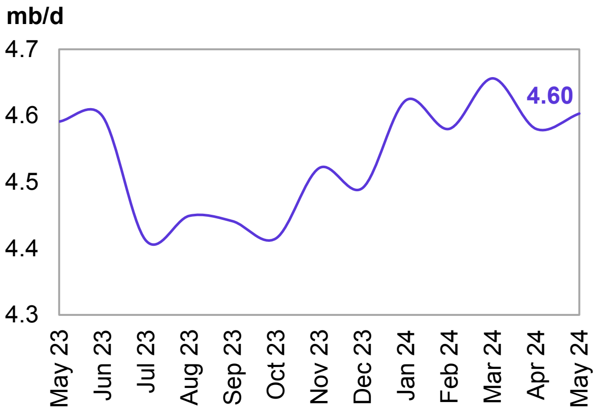


*Note: * 2Q24-4Q25 = Forecast. Source: OPEC.*

China

China's liquids production rose by 23 tb/d, m-o-m, to average 4.6 mb/d in May. This is up by 12 tb/d, y-o-y, according to official data. Crude oil output in May averaged 4.3 mb/d, up by 23 tb/d compared with the previous month. This was also higher by 17 tb/d, y-o-y. Conversely, NGLs and condensate production remained unchanged, m-o-m, averaging 41 tb/d.

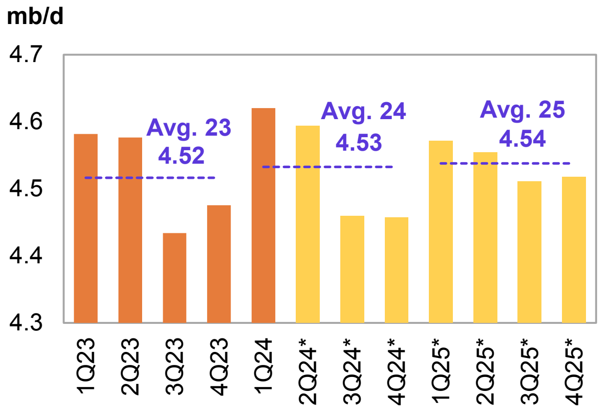
Graph 5 - 19: China's monthly liquids production development



Sources: CNPC and OPEC.

For 2024, China's liquids production is expected to rise by 16 tb/d, y-o-y, and is forecast to average 4.5 mb/d. This is largely unchanged from the previous assessment. Natural decline rates are anticipated to be offset by additional growth through more infill wells and EOR projects. Chinese majors are set to maintain high upstream Capex in 2024 to meet the growth requirements stated in the 2019 Seven-Year Exploration and Production Increase Action Plan. For this year, Lingshui 17-2, Lufeng, Liuhua 11-1, Xi'nan, Bozhong 19-2 Oilfield Development, Suizhong 36-1, Shayan and Liuhua 4-1 (redevelopment) – which are operated by CNOOC, PetroChina and Sinopec – are expected to come on stream. At the same time, key ramp-ups are planned for Changqing, Kenli 10-2, Wushi 17-2 and Kenli 6-4.

Graph 5 - 20: China's quarterly liquids production and forecast



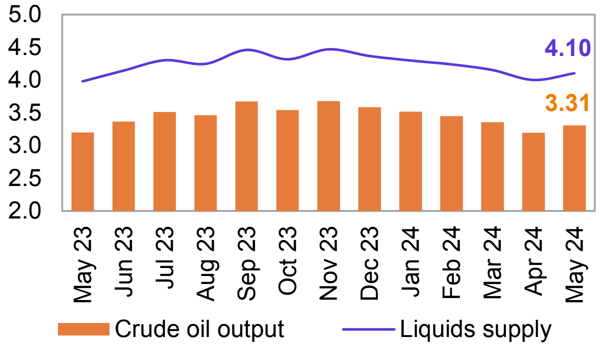
*Note: * 2Q24-4Q25 = Forecast. Sources: CNPC and OPEC.*

In 2025, Chinese liquids production is expected to remain steady, y-o-y, and is forecast to average 4.5 mb/d. The supply growth is primarily expected to come from the offshore sector. For next year, oil and gas condensate projects like Bozhong 19-6, Huizhou 26-6, Peng Lai 19-9, Shengli, Wushi 17-2, Liaohe and Xijiang 30-2 – which are operated by CNOOC and Sinopec – are expected to come on stream. Meanwhile, key ramp-ups are planned for Changqing, Tarim, Xibei, Peng Lai 19-9 and Xi'nan.

Brazil

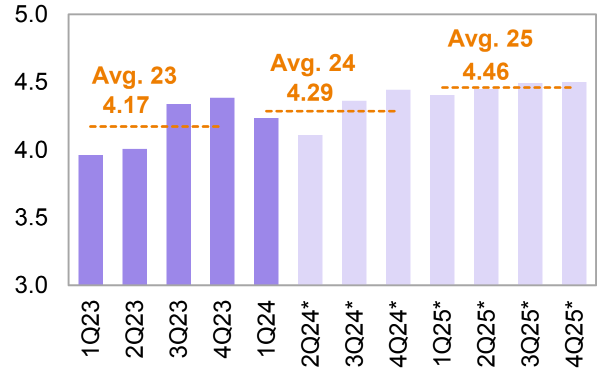
Brazil's crude output in May rose by 113 tb/d, m-o-m, to average 3.3 mb/d. Output is still lower than expected, primarily due to more extensive maintenance than anticipated, operational issues and natural decline. NGLs production, however, remained largely unchanged, at an average of around 80 tb/d, and is expected to remain flat in June 2024. Biofuel output (mainly ethanol) is estimated to drop by 11 tb/d, m-o-m, to average 0.7 mb/d, with preliminary data showing a stable trend in June. The country's total liquids production rose by 0.1 mb/d in May to average 4.1 mb/d, while this was also higher by 0.1 mb/d, y-o-y.

Graph 5 - 21: Brazil's monthly liquids production development by type



Sources: Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) and OPEC.

Graph 5 - 22: Brazil's quarterly liquids production



*Note: * 2Q24-4Q25 = Forecast. Sources: ANP and OPEC.*

For 2024, Brazil's liquids supply, including biofuels, is forecast to grow by about 0.1 mb/d, y-o-y, to average 4.3 mb/d. Crude oil output is expected to increase through production ramp-ups in the Buzios (Franco), Mero (Libra NW), Tupi (Lula) and Itapu (Florim) fields. Oil project start-ups are expected at the Buzios, Atlanta, Pampo-Enchova Cluster and Vida sites. However, increasing costs in the offshore market and inflation may continue to delay projects and temper growth in the short term. The Brazilian state-controlled Petrobras FPSO unit, Maria Quiteria, is expected to start production in 4Q24 – earlier than previously expected – following its deployment at the Parque das Baleias integrated project.

Brazil's liquids supply, including biofuels, is forecast to increase by about 180 tb/d, y-o-y, to average 4.5 mb/d in 2025. Crude oil output is expected to increase through production ramp-ups in the Buzios (Franco), Mero (Libra NW), Tupi (Lula), Marlim and Atlanta fields. Oil project start-ups are expected at the Buzios, Bacalhau (x-Carcara), Parque das Baleias and Lapa (Carioca) fields.

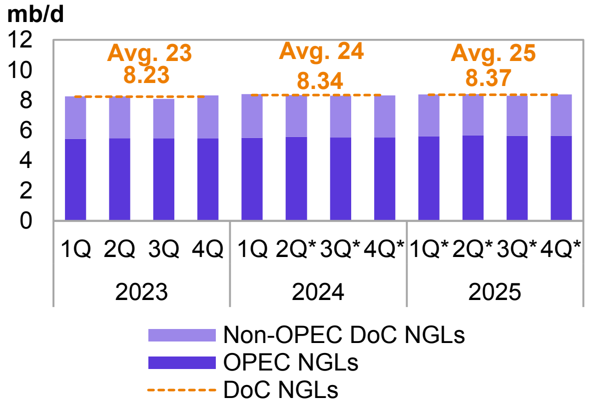
DoC NGLs and non-conventional liquids

DoC NGLs and non-conventional liquids are estimated to expand by about 0.1 mb/d in 2024 to average 8.3 mb/d.

Preliminary data shows NGLs and non-conventional liquids output in 2Q24 averaging 8.3 mb/d. According to preliminary May data, OPEC Member Countries and non-OPEC DoC countries are estimated to produce 5.6 mb/d and 2.8 mb/d, respectively, of NGLs and non-conventional liquids.

The 2025 forecast points toward a combined increase of about 20 tb/d for an average of 8.4 mb/d. NGLs and non-conventional liquids production are projected to grow by 0.1 mb/d to average 5.6 mb/d for OPEC Member Countries. However, it is expected to drop by about 90 tb/d for non-OPEC DoC countries.

Graph 5 - 23: DoC NGLs and non-conventional liquids quarterly production and forecast



*Note: * 2Q24-4Q25 = Forecast. Source: OPEC.*

Table 5 - 6: DoC NGLs + non-conventional liquids, mb/d

DoC NGLs and non-coventional liquids	2023	Change 23/22	2024	Change 24/23	1Q25	2Q25	3Q25	4Q25	2025	Change 25/24
OPEC	**5.46**	*0.06*	**5.53**	*0.06*	5.60	5.67	5.64	5.64	**5.64**	*0.11*
Non-OPEC DoC	**2.77**	*0.20*	**2.82**	*0.05*	2.78	2.75	2.66	2.75	**2.73**	*-0.09*
Total	**8.23**	***0.26***	**8.34**	***0.11***	**8.38**	**8.42**	**8.30**	**8.39**	**8.37**	***0.02***

Note: 2024-2025 = Forecast.

Source: OPEC.

DoC crude oil production

According to secondary sources, **total OPEC-12 crude oil production** averaged 26.57 mb/d in June 2024, 80 tb/d lower, m-o-m. Crude oil output increased mainly in Libya, Venezuela and IR Iran, while production in Saudi Arabia, Iraq and the UAE decreased.

At the same time, **total non-OPEC DoC crude oil production** averaged 14.24 mb/d in June 2024, 45 tb/d lower, m-o-m. Crude oil output increased mainly in Kazakhstan and Azerbaijan, while production in Russia decreased.

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

Secondary sources	2022	2023	4Q23	1Q24	2Q24	Apr 24	May 24	Jun 24	*Change Jun/May*
Algeria	1,013	973	957	907	904	907	900	906	*6*
Congo	261	261	251	245	262	268	258	260	*2*
Equatorial Guinea	84	56	53	55	56	50	62	54	*-8*
Gabon	195	203	216	214	210	203	216	212	*-4*
IR Iran	2,554	2,859	3,154	3,179	3,237	3,223	3,238	3,251	*13*
Iraq	4,439	4,287	4,324	4,244	4,202	4,203	4,215	4,189	*-25*
Kuwait	2,704	2,595	2,552	2,430	2,430	2,433	2,430	2,427	*-3*
Libya	981	1,162	1,170	1,119	1,190	1,194	1,177	1,200	*24*
Nigeria	1,210	1,314	1,381	1,414	1,360	1,345	1,372	1,362	*-10*
Saudi Arabia	10,531	9,609	8,952	9,009	8,992	9,031	9,010	8,934	*-76*
UAE	3,066	2,950	2,906	2,926	2,930	2,929	2,938	2,921	*-17*
Venezuela	684	749	774	816	835	825	830	851	*21*
Total OPEC	**27,722**	**27,019**	**26,690**	**26,558**	**26,607**	**26,609**	**26,646**	**26,566**	***-80***
Azerbaijan	560	503	487	477	475	479	466	479	*13*
Bahrain	193	182	182	168	176	179	176	172	*-4*
Brunei	75	72	78	82	68	75	62	69	*7*
Kazakhstan	1,489	1,597	1,606	1,613	1,546	1,587	1,502	1,549	*47*
Malaysia	395	377	378	362	364	371	361	362	*1*
Mexico	1,667	1,645	1,624	1,610	1,605	1,605	1,605	1,604	*-2*
Oman	850	819	807	772	766	766	766	768	*2*
Russia	9,771	9,581	9,496	9,431	9,231	9,301	9,253	9,139	*-114*
Sudan	62	54	47	34	25	25	24	26	*3*
South Sudan	144	146	153	113	66	65	64	68	*3*
Total Non-OPEC DoC	**15,206**	**14,974**	**14,858**	**14,662**	**14,322**	**14,452**	**14,280**	**14,235**	***-45***
Total DoC	**42,928**	**41,993**	**41,548**	**41,220**	**40,930**	**41,061**	**40,926**	**40,801**	***-125***

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

Source: OPEC.

OPEC crude oil production

OPEC crude oil production for June, as reported by OPEC Member Countries, is shown in ***Table 5 – 8*** below.

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

Direct communication	2022	2023	4Q23	1Q24	2Q24	Apr 24	May 24	Jun 24	*Change Jun/May*
Algeria	1,020	973	958	907	905	907	901	906	*5*
Congo	262	271	259	252	260	259	264	259	*-5*
Equatorial Guinea	81	55	53	53	60	60	62	58	*-4*
Gabon	191	223	234	..	..	..	..	..	*..*
IR Iran	..	..	..	..	..	..	..	..	*..*
Iraq	4,453	4,118	4,123	3,957	..	3,891	3,860	..	*..*
Kuwait	2,707	2,590	2,548	2,413	2,413	2,413	2,413	2,413	*0*
Libya	..	1,189	1,191	1,149	..	1,218	..	..	*..*
Nigeria	1,138	1,187	1,260	1,327	1,270	1,281	1,251	1,276	*25*
Saudi Arabia	10,591	9,606	8,901	8,979	8,937	8,986	8,993	8,830	*-163*
UAE	3,064	2,944	2,892	2,919	2,928	2,917	2,933	2,935	*2*
Venezuela	716	783	796	864	904	878	910	922	*12*
Total OPEC	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**	***..***

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

Product Markets and Refinery Operations

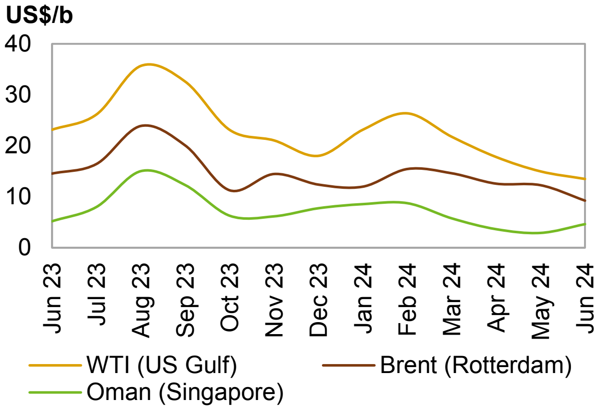
In June, refinery margins continued to retract in the Atlantic Basin on a downward trend that has continued for four consecutive months, as refiners increased product output, with gasoline leading the loss. The typical seasonal boost in refining economics has so far not yet materialized, as the pick-up in road fuel requirements has been slow, despite recent signs of improvement and a robust gasoil crack spread performance on the US Gulf Coast (USGC). Conversely, margins in Singapore rebounded, driven by gains in middle distillates, naphtha, and high-sulfur fuel oil. The upturn in Southeast Asia was supported by increased maintenance activities and healthy domestic demand.

Global refinery intake increased by 1.1 mb/d in June, m-o-m, to an average of 82.7 mb/d, and was up 1.9 mb/d, y-o-y. Going forward, run rates are expected to remain elevated as refiners prepare for upside potential in transport fuel consumption in the near term, which should support oil markets in the coming months.

Refinery margins

USGC refining margins against WTI eased, although the loss was more contained relative to what was seen in the previous month. Strong product output levels and significant gasoline stock builds throughout the month weighed on the country's product markets. The second-strongest negative performer across the USGC barrel was high sulphur fuel oil (HSFO), reflecting a decline in export volumes. On the other hand, gasoil crack spreads jumped, returning to positive territory in June, as low domestic demand, lower freight rates, and a drop in the product's value prompted a surge in gasoil exports to Europe. This strength partially compensated for the overall product market weakness and limited losses in refining margins registered over the month in the USGC.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

According to preliminary data, refinery intakes in the USGC were 140 tb/d higher, m-o-m, averaging 17.18 mb/d. USGC margins against WTI averaged $13.50/b in June, down by $1.48, m-o-m, and by $9.65, y-o-y.

Refinery margins in Rotterdam against Brent retracted in June in response to rising refinery processing rates and product availability. In Rotterdam, weakness was associated with gasoline, jet/kerosene and naphtha in ample supply. On a positive note, gasoil markets in Northwest Europe (NWE) posted gains, as a hydrocracking unit outage at Shell's 400 tb/d Pernis refinery (Europe's largest refinery) triggered concerns over gasoil supply in the region. Additionally, East of Suez HSFO strength prompted flows of the same product from Europe to Asia, amid contracting of unsanctioned volumes, providing further support to product markets. Nonetheless, these supportive factors were vastly insufficient to push NWE refining margins higher.

Refinery throughput in Europe saw the largest increase among the main trading hubs in June, as refiners in the region that had been undergoing maintenance in the previous month resumed operations. According to preliminary data, refinery intakes in Europe were 330 tb/d higher, m-o-m, averaging 10 mb/d. Refinery margins against Brent in Europe averaged $9.25/b in June, which was $3.03 lower, m-o-m, and $5.31 lower, y-o-y.

Singapore's refining margins against Oman reversed from the downward trend observed in previous months and showed gains, contrasting with those of its Western counterparts. This improvement was backed by strength linked to all products across the barrel, except for gasoline, and was mostly led by middle distillates. Healthy domestic fuel consumption, road transport, domestic air travel and agricultural activities provided support. Moreover, planned and unplanned maintenance in Japan, Indonesia, and Brunei restricted refinery runs and product supply, thereby further supporting product markets in the region.

In Japan, technical challenges led to crude distillation unit shutdowns at the 180 tb/d Eneos Kashima and 75 tb/d Cosmo Chiba refineries. According to Energy Aspects, a total of 890 tb/d of Japanese CDU capacity (representing 29% of the country's capacity) is currently offline, amid two refinery closures registered since October 2023. This situation is likely to boost product imports during the ongoing summer season, particularly for gasoline and jet/kerosene.

Ongoing efforts by China's tax authorities to curb tax evasion among Chinese refiners have put pressure on independent refiners in Shandong. According to Argus, Beijing has investigated 1,249 retailers for evading oil taxes under a year-long probe launched in August of last year, collecting CNY1.9 billion in fines, as well as CNY697 million in seized assets. This crackdown has imposed additional financial burdens on refiners, with several private entities incurring hefty fines for unreported production. Consequently, there is a risk of reduced processing rates among independent refiners, potentially leading to upward pressure on product crack spreads in the near term.

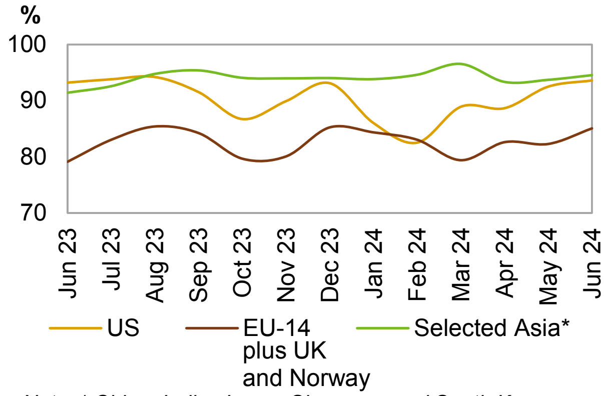
In June, combined refinery intakes for Japan, China, India, Singapore and South Korea experienced a 240 tb/d increase, m-o-m, averaging 26.94 mb/d, according to preliminary data. Refinery margins against Oman in Asia experienced a $1.71 increase in June, m-o-m, to average $4.66/b, which was 56¢ lower, y-o-y.

Refinery operations

US refinery utilization rates showed a 1.1 pp rise to an average of 93.59%, corresponding to throughput of 17.18 mb/d. This represents a rise of 140 tb/d relative to the previous month. Compared with the previous year, the June refinery utilization rate was up by 0.4 pp, with throughput showing a 156 tb/d rise.

European refinery utilization averaged 85.06% in June, corresponding to throughput of 10 mb/d. This represents a rise of 2.8 pp or 330 tb/d, m-o-m. On a yearly basis, the utilization rate was up by 5.9 pp and throughput was 680 tb/d higher.

Graph 6 - 2: Refinery utilization rates



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

In Selected Asia – Japan, China, India, Singapore and South Korea – refinery utilization rates increased marginally to an average of 94.51% in June, corresponding to throughput of 26.94 mb/d. Compared with the previous month, utilization rates were up by 0.8 pp, and throughput was higher by 240 tb/d. Relative to the previous year, utilization rates were 3.1 pp higher, and throughput was 664 tb/d higher.

Table 6 - 1: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				*Refinery utilization, %*			
	Apr 24	May 24	Jun 24	Change Jun/May	Apr 24	May 24	Jun 24	Change Jun/May
US	**16.32**	**17.04**	**17.18**	**0.14**	**88.64**	**92.49**	**93.59**	**1.1 pp**
Euro-14, plus UK and Norway	**9.71**	**9.67**	**10.00**	**0.33**	**82.61**	**82.29**	**85.06**	**2.8 pp**
France	0.83	0.85	0.92	0.07	71.86	74.21	79.93	5.7 pp
Germany	1.98	1.92	1.93	0.01	96.71	93.59	94.08	0.5 pp
Italy	1.31	1.26	1.27	0.01	69.00	66.55	66.85	0.3 pp
UK	0.95	0.99	1.07	0.09	80.82	84.08	91.41	7.3 pp
Selected Asia*	**26.60**	**26.70**	**26.94**	**0.24**	**93.30**	**93.68**	**94.51**	**0.8 pp**

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

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

Table 6 - 2: Refinery crude throughput, mb/d

Refinery crude throughput	2021	2022	2023	2Q23	3Q23	4Q23	1Q24	2Q24
OECD Americas	**17.79**	**18.68**	**18.71**	**19.05**	**19.27**	**18.47**	**18.18**	**19.11**
of which US	*15.66*	*16.48*	*16.50*	*16.75*	*17.02*	*16.47*	*15.78*	*16.85*
OECD Europe	**10.93**	**11.44**	**11.38**	**11.11**	**11.72**	**11.40**	**11.35**	**11.45**
of which:								
France	*0.69*	*0.84*	*0.93*	*0.87*	*1.06*	*0.95*	*0.83*	*0.87*
Germany	*1.72*	*1.83*	*1.62*	*1.59*	*1.67*	*1.59*	*1.68*	*1.94*
Italy	*1.23*	*1.32*	*1.30*	*1.26*	*1.32*	*1.32*	*1.29*	*1.28*
UK	*0.92*	*1.04*	*0.97*	*1.01*	*0.96*	*0.89*	*0.97*	*1.00*
OECD Asia Pacific	**5.79**	**6.10**	**5.88**	**5.68**	**5.74**	**5.94**	**5.95**	**5.72**
of which Japan	*2.49*	*2.71*	*2.56*	*2.38*	*2.54*	*2.54*	*2.55*	*2.52*
Total OECD	**34.51**	**36.23**	**35.97**	**35.84**	**36.73**	**35.81**	**35.48**	**36.27**
Latin America	**3.50**	**3.37**	**3.48**	**3.51**	**3.45**	**3.53**	**3.40**	**3.43**
Middle East	**6.80**	**7.28**	**7.61**	**7.62**	**7.92**	**7.43**	**7.80**	**7.89**
Africa	**1.77**	**1.73**	**1.70**	**1.71**	**1.69**	**1.70**	**1.88**	**2.02**
India	**4.73**	**5.00**	**5.18**	**5.22**	**5.03**	**5.10**	**5.30**	**5.32**
China	**14.07**	**13.49**	**14.78**	**14.78**	**15.19**	**14.57**	**14.64**	**14.34**
Other Asia	**4.72**	**4.94**	**5.02**	**5.17**	**4.90**	**5.14**	**5.15**	**5.20**
Russia	**5.61**	**5.46**	**5.50**	**5.40**	**5.49**	**5.43**	**5.33**	**5.38**
Other Eurasia	**1.23**	**1.15**	**1.14**	**1.09**	**1.05**	**1.19**	**1.15**	**1.13**
Other Europe	**0.44**	**0.50**	**0.47**	**0.43**	**0.52**	**0.47**	**0.45**	**0.50**
Total Non-OECD	**42.88**	**42.91**	**44.87**	**44.93**	**45.24**	**44.54**	**45.10**	**45.20**
Total world	**77.38**	**79.14**	**80.84**	**80.77**	**81.97**	**80.35**	**80.58**	**81.47**

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

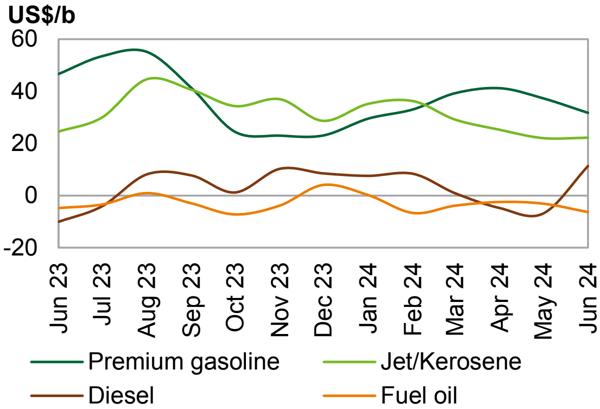
Sources: AFREC, APEC, EIA, IEA, Euroilstock, PAJ, Ministry data, including Ministry of Energy of the Russian Federation, Ministry of Petroleum and Natural Gas of India, OPEC and JODI.

Product markets

US market

The USGC gasoline crack spread against WTI continued its downward trend for the second consecutive month. The downturn was caused by elevated availability, as refiners were ramping up runs following the recent heavy turnaround season. Total gasoline inventories in the US increased significantly at the end of June, relative to what was observed at the end of May. Meanwhile, the typical seasonal increase in gasoline demand during peak driving season has not yet materialized, which means that the potential upside in the gasoline crack spread has yet to be fully realized. Going forward, domestic gasoline consumption levels are set to improve, along with strong upside potential in road transportation activity and exports. The USGC gasoline crack spread lost $5.57, m-o-m, to an average of $31.71/b in June and was $14.92 lower, y-o-y.

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



Sources: Argus and OPEC.

The USGC jet/kerosene crack spread against WTI reversed direction from previous months' losses to show a slight gain. After three consecutive months of decline, the market began to anticipate an improvement in demand. Going forward, air travel is expected to rise further, with increasing mobility over the coming months. Jet fuel/kerosene wholesale prices saw a 45¢ increase, m-o-m, to an average of $101.22/b. The USGC jet/kerosene crack spread gained 16¢, m-o-m, to average $22.19/b in June and was $2.34 lower, y-o-y.

The USGC gasoil crack spread against WTI showed robust performance, emerging out of negative territory as US gasoil exports to Europe surged to an all-time high in the final week of June, according to Platts. US-based exporters responded to a brief arbitrage window that opened in the weeks ending 23 June and 30 June, as weak domestic demand and easing freight rates prompted an uptick in flows across the Atlantic. According to S&P Global Commodities at Sea data, US diesel and gasoil loadings quadrupled to 610 tb/d in the week ending 23 June, to be followed by another 711 tb/d loading in the week ending 30 June, an all-time weekly high. The last recorded peak was in July 2017, when loadings reached 695,300 b/d. According to the same source, some 39 vessels loaded diesel or gasoil from the US to transport into Europe between mid-June and 3 July, as the product's price in the US lagged notably behind that seen in Europe, supporting considerable gasoil margins in the country. Gasoil wholesale prices averaged $90.31/b in June, up $18.51 compared with May. The US gasoil crack spread against WTI averaged $11.28/b, up $18.22, m-o-m, and was $21.39/b higher, y-o-y.

The USGC fuel oil crack spread against WTI showed a loss for the second consecutive month, affected by a decline in exports. Expectations for improvements in the gasoline market, driven by potential increases in mobility, are likely to incentivize a conversion of US fuel oil to gasoline in the coming months. Additionally, projections foresee ongoing robust demand for utility purposes in the Middle East and Asia during the summer season, which should provide support for HSFO cracks moving forward. In June, the US fuel oil crack spread against WTI lost $3.25, m-o-m, to average minus $6.35/b and was $1.56 lower y-o-y.

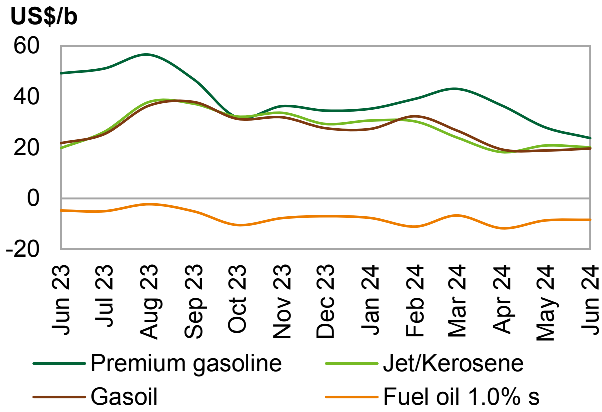
European market

The gasoline crack spread in Rotterdam against Brent decreased, although the decline was significantly less severe compared to the previous month. This extends a downward trend that began in April, reaching the lowest level observed since March 2022. Increased gasoline production within the region, coupled with reduced export volumes to the US, affected spot arbitrage economics negatively, putting pressure on European gasoline markets. In the immediate near term, the gasoline crack spread is expected to improve, with strengthening demand and exports amid the expectation of a pick-up in road transport activities well into the summer months. This trend is anticipated to eventually outweigh supply-side factors and bolster gasoline crack spread performance as the peak driving and travel season gains momentum. The gasoline crack spread against Brent averaged $23.73/b, which was $4.19 lower, m-o-m, and $25.45 lower, y-o-y.

In June, the jet/kerosene crack spread in Rotterdam against Brent showed a slight decline, influenced by supply-side dynamics. Despite signs of improving air travel activities, subdued jet fuel demand from the aviation sector weighed on the product market. Going forward, European jet/kerosene demand is expected to see upward pressure as consumption levels from the aviation sector continue to pick up in the coming months. However, product crack spreads could initially remain under pressure and are expected to firm up once demand catches up and exerts downward pressure on inventory levels. The Rotterdam jet/kerosene crack spread against Brent averaged $20.07/b, down 71¢, m-o-m, but was 31¢ higher, y-o-y.

The gasoil crack spread in Rotterdam against Brent increased slightly as a hydrocracker outage at the 404 tb/d Pernis near Rotterdam triggered concern over diesel supplies and prompted strong inflows. This flipped the ICE gasoil market structure, with futures prices hitting a two-month high, shifting market sentiment away from the bearish stand observed in previous months. However, this support may be diminished in the long run due to lengthening global balances and weak diesel demand from the manufacturing sector in Europe. Upside potential for higher production levels from Nigeria's Dangote refinery, coupled with strong flows from the Middle East and new supplies from the Mexican Olmeca refinery, will likely exert pressure on NWE gasoil performance in the mid-term. The gasoil crack spread against Brent averaged $19.63/b, up 77¢, m-o-m, but down $2.11, y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



Sources: Argus and OPEC.

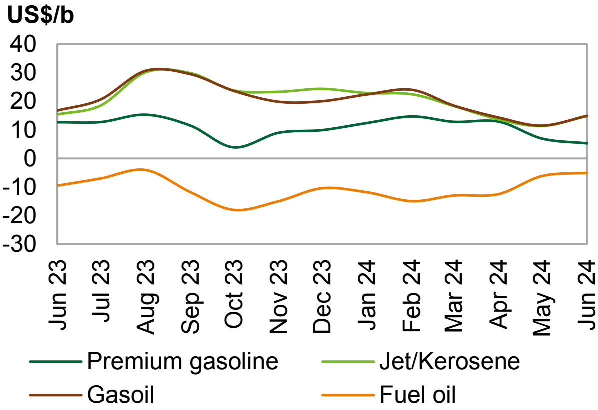
At the bottom of the barrel, fuel oil 1.0% crack spreads in Rotterdam against Brent moved upwards due to improved export demand. East of Suez imports of European residual fuel oil are expected to remain strong, with elevated requirements for power generation from cooling demand. In terms of prices, fuel oil 1.0% increased by 82¢, m-o-m, to $73.96/b, while the crack spread averaged minus $8.44/b in June, representing a 24¢, m-o-m, rise, but a $3.65, y-o-y, decline.

Asian market

The Southeast Asian gasoline 92 crack spread against Dubai experienced a solid loss, representing the sole negative performance across the barrel, pressured by elevated gasoline availability and strong refinery output. Consequently, the product's margin dropped to an eight-month low, averaging $5.31/b. This was down $1.68, m-o-m, and $7.42, y-o-y.

The Asian naphtha crack spread continued to trend upward, with supportive demand from the region amid high propane prices, which incentivized petrochemical operators to resort to naphtha as the preferred feedstock. The Singapore naphtha crack spread against Dubai averaged minus $10.05/b, which is $1.77 higher, m-o-m, and $7.64 higher, y-o-y.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

In the middle of the barrel, the jet/kerosene crack spread in Singapore saw a notable increase, emerging as the top performer across the sector. This rise was bolstered by reduced refinery output, alongside solid demand for jet fuel and robust activity in the domestic aviation sector. The Singapore jet/kerosene crack spread against Dubai averaged $14.78/b, up $3.44, m-o-m, but down 58¢, y-o-y.

The Singapore gasoil crack spread rose following four consecutive months of losses. Gasoil production in the region decreased, with maintenance work exerting pressure on product balance amid healthy demand from the agricultural sector. Going forward, heavy rains during the monsoon season may dampen demand and contribute to increased availability of gasoil across key Asian trading hubs. However, the anticipated commencement of Australian product stockpiling from July 1st, including diesel, could potentially mitigate some of the surpluses in the gasoil market. The Singapore gasoil crack spread against Dubai averaged $14.97/b, up $3.40/b, m-o-m, but down $1.86/b, y-o-y.

The Singapore fuel oil 3.5% crack spread continued to experience gains on seasonally robust residual fuel requirements for power generation to meet cooling demand. Additionally, according to Kpler, bitumen prices in the West of Suez have risen recently, driven by a pick-up in seasonal paving demand and gains in HSFO cracks. Moreover, according to the same source, India's fuel oil exports jumped in June to reach 22-month highs, as HSFO crack spreads remained elevated and fuel oil cracks against Dubai were positioned significantly higher for Singapore vs. Mideast Gulf free on board (FOB) cargo. Going forward, fuel oil markets in Asia should remain well supported due to the continued robust demand for fuel oil in power generation. Singapore's HSFO crack spread against Dubai averaged minus $4.99/b, up $1.10, m-o-m, and $4.46, y-o-y.

Table 6 - 3: Short-term prospects for product markets and refinery operations

Event	Time frame	Observations	Asia	Europe	US
Intense monsoon season (flooding)	Jul 24– Sep 24	Downward risk for gasoil demand from the agricultural sector for farming could weigh on domestic consumption and free up volumes for export, particularly in Asia.	↓ Pressure on gasoil markets	↓ Pressure on gasoil markets	↓ Pressure on gasoil markets
Australian fuel stockpiling mandates	From 1 Jul 24	The Minimum Stockholding Obligation (MSO) will lead to a major increase in diesel stockholdings.	↑ Support diesel crack spreads	↑ Support diesel crack spreads	↑ Support diesel crack spreads
Summer season	Jul 24– Sep 24	Crack spreads for transportation products, especially gasoline, jet/kerosene, and fuel oil, are anticipated to rise, supported by increased mobility.	↑ Support product markets	↑ Support product markets	↑ Support product markets
Forecasts for an active hurricane season	Jul 24– Nov 24	Increased storm activity in 2024 threatens refining operations, particularly in the USGC. Potential product supply disruptions could exert upward pressure on fuel prices.	↑ Upward pressure on light distillate crack spreads	↑ Upward pressure on product crack spreads	↑ Upward pressure on product crack spreads

Source: OPEC.

Table 6 - 4: Refined product prices, US$/b

		May 24	Jun 24	Change Jun/May	Annual avg. 2023	Year-to-date 2024
US Gulf (Cargoes FOB)						
Naphtha*		74.03	73.78	-0.25	72.51	75.85
Premium gasoline	(unleaded 93)	116.02	110.74	-5.28	117.23	114.25
Regular gasoline	(unleaded 87)	100.76	96.13	-4.63	104.59	100.62
Jet/Kerosene		100.77	101.22	0.45	113.51	107.28
Gasoil	(0.2% S)	71.80	90.31	18.51	78.57	81.65
Fuel oil	(3.0% S)	72.79	71.98	-0.81	68.14	70.10
Rotterdam (Barges FoB)						
Naphtha		73.05	73.24	0.19	71.06	74.15
Premium gasoline	(unleaded 98)	109.74	106.13	-3.61	125.96	118.22
Jet/Kerosene		102.60	102.47	-0.13	111.74	107.93
Gasoil/Diesel	(10 ppm)	100.68	102.03	1.35	111.19	107.97
Fuel oil	(1.0% S)	73.14	73.96	0.82	74.29	74.88
Fuel oil	(3.5% S)	73.83	75.23	1.40	72.79	72.55
Mediterranean (Cargoes FOB)						
Naphtha		70.21	71.49	1.28	68.45	71.34
Premium gasoline**		102.77	97.92	-4.85	101.80	101.83
Jet/Kerosene		98.54	99.87	1.33	107.77	103.88
Diesel		99.41	101.72	2.31	109.08	106.22
Fuel oil	(1.0% S)	77.64	78.44	0.80	78.85	80.00
Fuel oil	(3.5% S)	69.94	70.84	0.90	66.47	69.51
Singapore (Cargoes FOB)						
Naphtha		72.29	72.56	0.27	69.53	73.73
Premium gasoline	(unleaded 95)	95.38	92.98	-2.40	98.62	98.70
Regular gasoline	(unleaded 92)	91.10	87.92	-3.18	94.00	94.16
Jet/Kerosene		95.45	97.39	1.94	104.68	100.50
Gasoil/Diesel	(50 ppm)	96.97	97.74	0.77	105.99	101.83
Fuel oil	(180 cst)	94.13	96.74	2.61	102.35	99.73
Fuel oil	(380 cst 3.5% S)	78.02	77.62	-0.40	69.23	72.75

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

Sources: Argus and OPEC.

Tanker Market

Dirty spot freight rates showed mixed movement across classes and regions generally. VLCC spot freight rates declined, amid lower flows from the Middle East. The Middle East-to-East route declined by 25% m-o-m, while the West Africa-to-East route fell by 19%.

Aframax spot freight rates declined around the Mediterranean, with the intra-Mediterranean (Med) route down by 19%, while the Indonesia-to-East route strengthened by 5% amid higher flows to Thailand and Malaysia.

Suezmax spot freight rates rose on monitored routes, with a gain of 10%, m-o-m, on the US Gulf-to-Europe route amid higher flows out of Houston.

Rates for clean tankers were broadly flat East of Suez, while West of Suez rates fell by 23%, amid sluggish product demand in Europe and soft economics regarding flows to North America.

Spot fixtures

Global spot fixtures increased in June as higher Middle East-to-West fixtures outpaced declines elsewhere. Global fixtures averaged 14.3 mb/d, representing a rise of 0.2 mb/d, or just over 1%, m-o-m. Compared with June 2023, global spot fixtures were down by 0.9 mb/d, or about 6%.

OPEC spot fixtures averaged 9.3 mb/d in June, representing a decline of about 0.2 mb/d, or almost 2%. Compared with the same month last year, fixtures were down 1.9 mb/d, or 17%.

Middle East-to-East fixtures increased by 0.5 mb/d, or over 9%, to average 5.9 mb/d. Compared with the same month in 2023, fixtures on the Middle East-to-East route fell 0.3 mb/d, or over 5%.

Spot fixtures on the Middle East-to-West route decreased by 0.1 mb/d, or about 11%, m-o-m, to average below 0.9 mb/d. Compared with the same month last year, fixtures were down by 0.3 mb/d, or 27%, y-o-y.

Fixtures on routes outside the Middle East fell by 0.6 mb/d, or 19%, m-o-m, to average 2.4 mb/d. Compared with the same month in 2023, fixtures were 1.3 mb/d, or 35%, lower.

Table 7 - 1: Spot fixtures, mb/d

Spot fixtures	Apr 24	May 24	Jun 24	*Change* Jun 24/May 24
All areas	9.3	14.1	14.3	0.2
OPEC	6.5	9.4	9.3	-0.2
Middle East/East	4.3	5.4	5.9	0.5
Middle East/West	0.7	1.1	0.9	-0.1
Outside Middle East	1.6	3.0	2.4	-0.6

Sources: Oil Movements and OPEC.

Sailings and arrivals

OPEC sailings increased by 0.9 mb/d, or about 5%, m-o-m, to average close to 21 mb/d in June. Compared with the same month in 2023, OPEC sailings were 0.2 mb/d, or less than 1%, higher. Middle East sailings increased by 0.3 mb/d, or less than 2%, m-o-m, to average 16.4 mb/d in June. Y-o-y sailings from the region were down by 0.6 mb/d, or around 4%.

Crude arrivals also saw mixed movement both East and West of Suez. North American arrivals declined by 0.3 mb/d, or 3%, to average 9.2 mb/d. Compared with June 2023, they were about 0.3 mb/d, or close to 3%, higher. Arrivals to Europe increased by 0.6 mb/d, or about 5%, to average 12.9 mb/d. Compared with the same month in 2023, they were 1.3 mb/d, or 11%, higher.

Far East arrivals rose marginally by less than 1%, m-o-m, to average 16.85 mb/d in June. Y-o-y arrivals in the region were up by 1.6 mb/d, or almost 11%. Meanwhile, arrivals in West Asia declined m-o-m to average 8.5 mb/d, representing a drop of 0.2 mb/d, or about 2%, in June. However, compared with the same month last year, arrivals in the region were negligibly higher.

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

Sailings	Apr 24	May 24	Jun 24	*Change* Jun 24/May 24
OPEC	21.1	20.1	21.0	0.9
Middle East	17.5	16.2	16.4	0.3
Arrivals				
North America	9.3	9.5	9.2	-0.3
Europe	12.4	12.3	12.9	0.6
Far East	16.7	16.8	16.9	0.1
West Asia	9.3	8.7	8.5	-0.2

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers

VLCC spot rates declined in June, erasing the previous month's mild gains, amid lower outflows from the Middle East. Reduced VLCC demand for imports into most regions – particularly Asia – also weighed on rates. On average, VLCC spot freight rates fell 22%, m-o-m. Compared with the same month in 2023, VLCC rates slipped by 13%.

On the Middle East-to-East route, rates decreased by 25%, m-o-m, to average WS51 points. This represents a y-o-y decline of 16%. Rates on the Middle East-to-West route fell by 20%, m-o-m, in June to average WS35 points. Compared with the same month in 2023, rates on the route dropped 15%.

West Africa-to-East spot rates declined by 19%, m-o-m, to average WS57 points in June. Compared with the same month in 2023, rates were just 5% lower.

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

VLCC	Size *1,000 DWT*	Apr 24	May 24	Jun 24	*Change* Jun 24/May 24
Middle East/East	230-280	62	68	51	-17
Middle East/West	270-285	42	44	35	-9
West Africa/East	260	63	70	57	-13

Sources: Argus and OPEC.

Suezmax

Suezmax spot freight rates saw better performance than other tanker classes on monitored routes, increasing 6% on average, m-o-m, in June. Increased flows into North America provided support. They were up 5% compared with the same month in 2023.

On the West Africa-to-US Gulf Coast (USGC) route, spot freight rates in June averaged WS107, representing a gain of 5%, m-o-m. Spot rates were just 1% higher compared with the same month in 2023.

Rates on the USGC-to-Europe route increased by 10%, m-o-m, to average WS92 points. Compared with the same month in 2023, they rose by 11%.

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

Suezmax	Size *1,000 DWT*	Apr 24	May 24	Jun 24	*Change* Jun 24/May 24
West Africa/US Gulf Coast	130-135	106	102	107	5
US Gulf Coast/ Europe	150	91	84	92	8

Sources: Argus and OPEC.

Aframax

Aframax spot freight rates declined m-o-m while remaining at historically high levels. The decline in rates was partly driven by lower flows out of Russia, as well as the Middle East, which partly offset gains seen the previous month. On average, Aframax rates dipped by 2%, m-o-m, but were still 17% higher compared with the same month last year.

Rates on the Indonesia-to-East route rose by 5%, m-o-m, to average WS175 points in June. Compared with the same month in 2023, rates were some 20% higher.

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

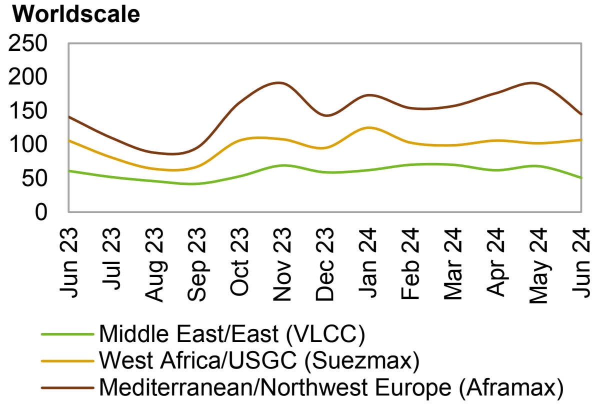
Aframax	Size *1,000 DWT*	Apr 24	May 24	Jun 24	*Change* Jun 24/May 24
Indonesia/East	80-85	158	167	175	8
Caribbean/US East Coast	80-85	170	157	215	58
Mediterranean/Mediterranean	80-85	183	202	166	-36
Mediterranean/Northwest Europe	80-85	176	190	145	-45

Sources: Argus and OPEC.

Following a decline the previous month, spot rates on the Caribbean-to-US East Coast (USEC) route rose by 37%, m-o-m, to average WS215 points in June. Rates were 27% higher compared with the same month in 2023.

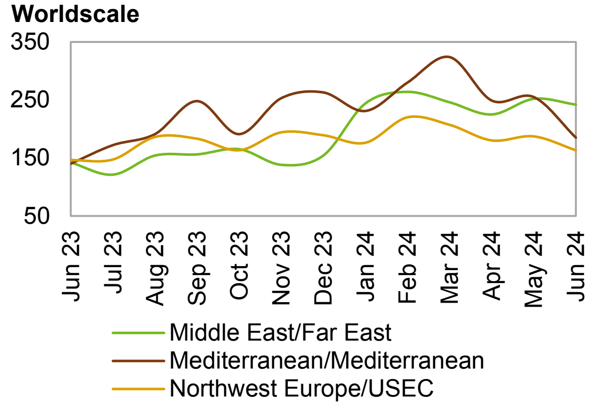
In contrast, cross-Med spot freight rates declined by 18%, m-o-m, to average WS166 points. This represents a 14% increase, y-o-y. Rates on the Med-to-Northwest Europe (NWE) route averaged WS145, representing a decline of 24%, m-o-m. Compared with the same month in 2023, rates gained 3%.

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 declined by 14% on average, as East of Suez rates were broadly flat, while West of Suez declined by 23%, amid a slow start to the summer driving season and muted product demand in Europe.

However, it should be noted that clean freight rates remained well above levels seen in past years, with East of Suez rates 61% higher y-o-y and West of Suez rates up 25% compared with the same month in 2023. Increased tonnage mile demand due to trade dislocations and the expansion of export-oriented refineries were the key structural factors supporting clean freight rates.

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

East of Suez	Size 1,000 DWT	Apr 24	May 24	Jun 24	Change Jun 24/May 24
Middle East/East	30-35	225	252	242	-10
Singapore/East	30-35	252	273	279	6
West of Suez					
Northwest Europe/US East Coast	33-37	180	187	163	-24
Mediterranean/Mediterranean	30-35	249	255	185	-70
Mediterranean/Northwest Europe	30-35	259	265	195	-70

Sources: Argus and OPEC.

Rates on the Middle East-to-East route declined by 4%, m-o-m, to average WS242 points in June. Compared with the same month in 2023, rates were 70% higher. Clean spot freight rates on the Singapore-to-East route gained 2%, m-o-m, to average WS279 points. This represents a 54% increase compared with the same month in 2023.

Spot freight rates on the NWE-to-USEC route declined by 13%, m-o-m, to average WS163 points. This represents a 12% increase compared with June 2023.

Rates around the Mediterranean experienced relatively stronger losses, consistent with sluggish demand in the region. Rates on the Cross-Med route fell by 27%, m-o-m, to average WS185 points. However, compared with the same month last year, they were 32% higher. Similarly, rates on the Med-to-NWE route declined by 26%.

Crude and Refined Products Trade

US crude imports in June surged for the third month in a row to average 7.3 mb/d, according to preliminary data, representing a five year-high. In contrast, US crude exports fell below 4 mb/d for the first time in seven months, averaging 3.8 mb/d. Meanwhile, product exports jumped by 6% to average 6.8 mb/d, the second highest on record, amid higher flows to Asia and Latin America.

Preliminary estimates indicate OECD Europe crude imports declined in May, amid refinery maintenance and lackluster product demand in the region. Product imports into the OECD region were lower in May, due to lower inflows of jet fuel and diesel.

Japan's crude imports fell to a 34-month low of 2.1 mb/d in May, as the weaker yen crimped buying. Japan's product exports declined, amid lower outflows of gasoil and fuel oil.

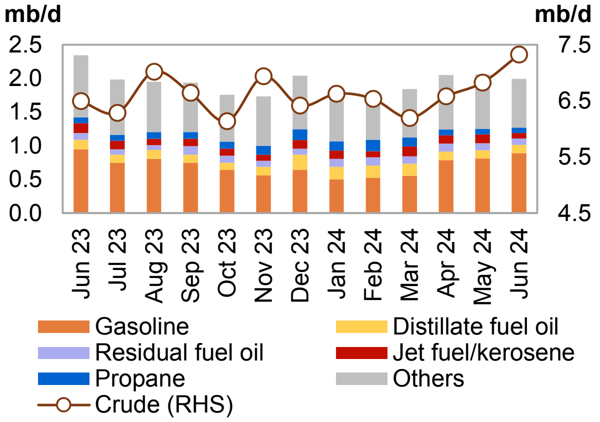
The latest data for China shows crude imports in May declined 9% y-o-y to average 11.1 mb/d, while product imports declined from high levels to average 2.4 mb/d, as independent refiners reduced inflows of refinery feedstocks.

India's crude imports in May declined from a two year high to remain at a still-elevated 5.1 mb/d, as demand remained strong supported by election activities. India's product imports tapered slightly to average 1.1 mb/d, amid lower inflows of fuel oil.

US

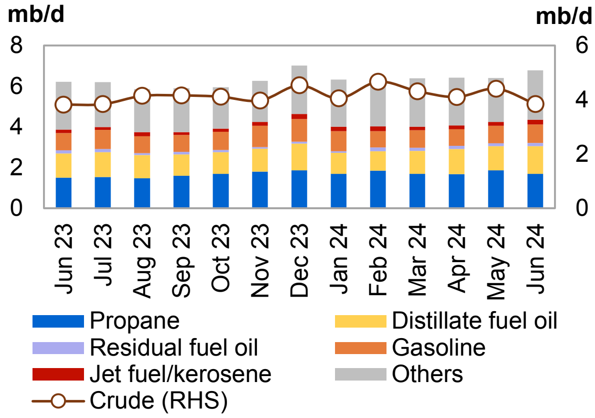
Preliminary data shows that US crude imports hit a five-year high of 7.3 mb/d in June, after an increase of 0.5 mb/d or over 7%, m-o-m. According to preliminary EIA weekly data, inflows were boosted by high imports of Canadian crude. Compared with the same month last year, crude imports were up 0.8 mb/d, or almost 13%.

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.

According to preliminary data, US crude exports in June fell below 4 mb/d for the first time in seven months. US crude exports averaged 3.8 mb/d for the month. This represents a decline of 0.6 mb/d, or about 13%, m-o-m. According to tanker tracking data, the declines were due to lower flows to Europe and Asia, although exports to Latin America increased. Y-o-y, crude outflows were marginally higher.

As a result, US net crude imports averaged 3.5 mb/d in June, up from 2.4 mb/d in the previous month. The level was 2.7 mb/d in the same month last year.

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

US	Apr 24	May 24	Jun 24	Change Jun 24/May 24
Crude oil	2.48	2.42	3.48	1.06
Total products	-4.36	-4.34	-4.79	-0.45
Total crude and products	**-1.89**	**-1.92**	**-1.30**	**0.62**

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

Sources: EIA and OPEC.

On the product side, imports edged down 67 tb/d, or about 3%, m-o-m, to average just under 2.0 mb/d. Declines were driven by jet/kerosene, as well as other products, and were offset by a jump in gasoline inflows. Compared with the same month of 2023, product inflows were down by around 0.3 mb/d, or 15%.

According to preliminary data, product exports rose 0.4 mb/d, or almost 6%, to average 6.8 mb/d, the second highest on record. Within products, losses were driven by distillate fuels, jets and other products, which offset gains in propane/propylene. Compared with the same month last year, product exports were 0.6 mb/d, or almost 11%, higher.

As a result, net product exports averaged 4.7 mb/d in June, compared with 4.3 mb/d in May and 3.9 mb/d in the same month last year.

Looking ahead, recent drawdowns in crude and product stocks point to a possible more earnest start to the driving season. This could sustain the increase in gasoline imports seen last month, although refinery closures due to severe weather could dampen crude imports, which are currently at high levels. Supportive arbitrage reportedly led to a surge in US diesel flows into Europe and the end of June and the start of July, adding to ongoing demand in Latin America.

OECD Europe

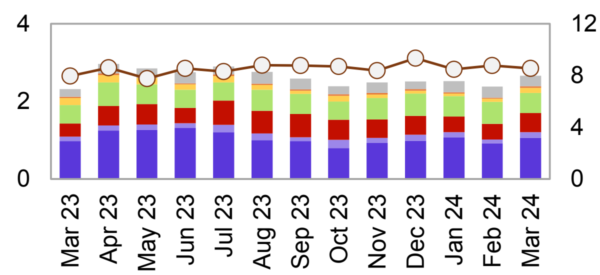
The latest official data for OECD Europe shows that crude imports fell in March, dropping by 215 tb/d, m-o-m, or over 2%, to average 8.6 mb/d. Compared with the same month in 2023, crude imports increased by 611 tb/d, or almost 8%.

In terms of import sources to the region, the US provided the highest contribution in March, despite a m-o-m decline of almost 0.3 mb/d, to stand at 1.8 mb/d. Kazakhstan was second with 0.9 mb/d, followed by Saudi Arabia at also around 0.9 mb/d.

Crude exports increased in March to average 275 tb/d, representing a gain of 239 tb/d over the previous month. Compared to the same month of 2023, crude outflows increased by 217 tb/d. China was the top destination for crude exports outside the OECD Europe region in March, taking in around 211 tb/d.

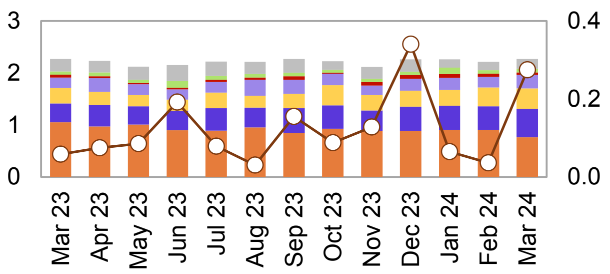
Net crude imports averaged 8.3 mb/d in March, compared with almost 8.2 mb/d the month before and about 7.9 mb/d in March 2023.

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



Sources: IEA and OPEC.

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



Sources: IEA and OPEC.

Product imports rose by 0.3 mb/d, or about 12%, m-o-m, to average 2.7 mb/d in March. Gains were driven primarily by diesel and kerosene. Compared with March 2023, product inflows increased by 0.3 mb/d, or about 15%.

Product exports edged up by 58 tb/d, or about 3%, to average 2.3 mb/d. Declines in gasoline were offset by higher inflows of diesel, naphtha, and fuel oil. Compared to the same month of 2023, product outflows were broadly unchanged.

Net product imports averaged 389 tb/d in March, compared with 168 tb/d the month before and 49 tb/d in March 2023.

Combined, net crude and product imports averaged 8.7 mb/d in March, down from 8.9 mb/d the month before, and 7.9 mb/d in March 2023.

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

OECD Europe	Jan 24	Feb 24	Mar 24	*Change* Mar 24/Feb 24
Crude oil	8.40	8.73	8.28	-0.45
Total products	0.25	0.17	0.39	0.22
Total crude and products	**8.65**	**8.90**	**8.67**	**-0.23**

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

Sources: IEA and OPEC.

Preliminary estimates indicate OECD Europe crude imports declined in May, after an improved performance in April, due to refinery maintenance and lacklustre product demand in the region. Product imports into the OECD region were seen to be lower in May, due to lower inflows of jet fuel and diesel.

Japan

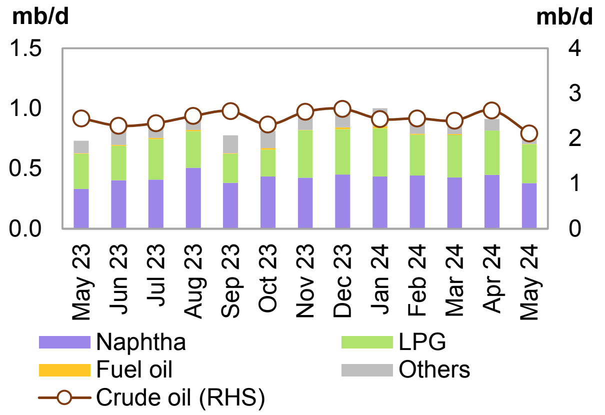
Japan's crude imports in May dropped 513 tb/d, or almost 20%, m-o-m, to average 2.1 mb/d. When compared to the same period last year, crude imports were down by 337 tb/d, or about 14%.

In terms of crude imports by source, the United Arab Emirates held the highest share in May with over 46%. Saudi Arabia was second with just under 36%, followed by Kuwait with about 8%.

Product imports, including LPG, slipped 77 tb/d, or over 8%, m-o-m, to average 834 tb/d in May. Losses were driven by naphtha and LPG. Compared with May 2023, product inflows were about 104 tb/d, or about 14%, higher.

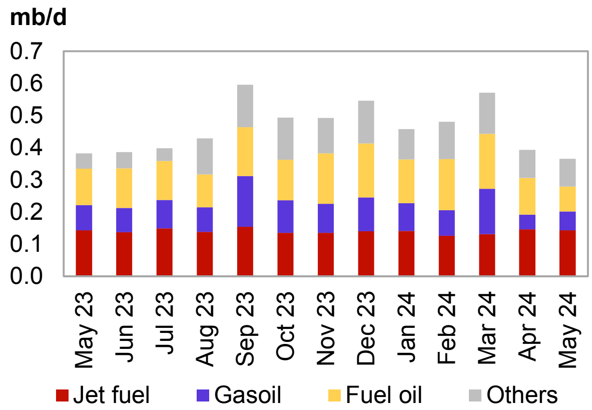
Product exports, including LPG, declined further in May to average 366 tb/d. They were down by just 28 tb/d, or 7%, m-o-m, following a stronger loss in the previous month. Declines were due mainly to fuel oil, which outpaced an increase in gasoil outflows. Compared to the same month last year, product exports in May increased 16 tb/d, or over 4%.

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



Sources: METI and OPEC.

Graph 8 - 6: Japan's exports of products



Sources: METI and OPEC.

Consequently, Japan's net product imports, including LPG, averaged 469 tb/d in May. This compares with 517 tb/d the month before and 293 tb/d in May 2023.

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

Japan	Mar 24	Apr 24	May 24	*Change* May 24/Apr 24
Crude oil	2.40	2.62	2.11	-0.51
Total products	0.29	0.52	0.47	-0.05
Total crude and products	**2.69**	**3.14**	**2.58**	**-0.56**

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

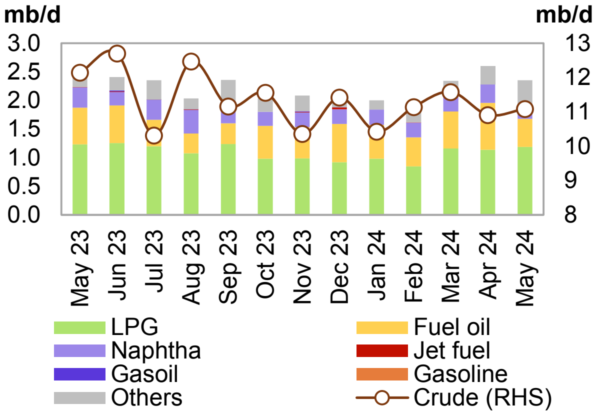
Sources: METI and OPEC.

Looking ahead, crude imports in May are likely to edge lower, m-o-m, while product imports are expected to decline on lower inflows of LPG, although naphtha is seen to hold up.

China

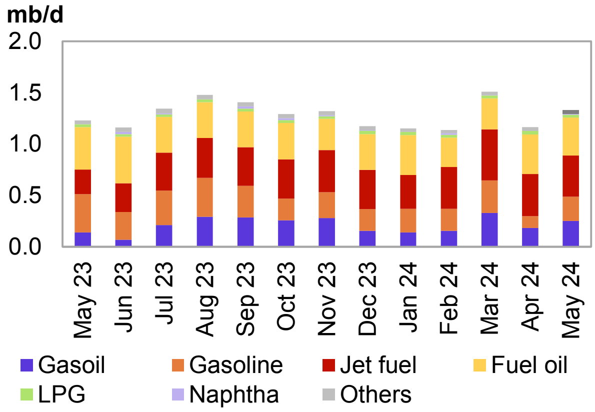
China's crude imports averaged 11.1 mb/d in May, representing an increase of 178 tb/d, or about 2%, m-o-m. Compared with May 2023, China's crude imports were considerably lower, down 1.0 mb/d, or almost 9%, amid lower flows, particularly from the United States, which declined 0.4 mb/d y-o-y.

Graph 8 - 7: China's import of crude and total products



Sources: China OGP and OPEC.

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



Sources: China OGP and OPEC.

In terms of crude imports by source, Russia remained in the top spot in May with a slightly lower share of 19% compared to 21% in April. Saudi Arabia was second with almost 16%. Malaysia was third with more than 12% and Iraq was fourth with almost 11%.

Product imports, including LPG, fell back from a record high the month before to aveage 2.3 mb/d in May. This represents a decline of 246 tb/d, or over 9%. Declines were driven by fuel oil, naphtha and, to a lesser degree, LPG. Compared to the same period in 2023, product imports decreased by 108 tb/d, or about 4%.

Product exports rose in May, averaging 1.3 mb/d, representing an increase of 164 tb/d, or around 14%, m-o-m. Jet fuel and diesel exports led the gains, which were partly offset by a drop in gasoline outflows. Compared to the same period in 2023, product exports were up by 100 tb/d, or 8%.

Net product imports averaged 1.0 mb/d in May, compared to 1.4 mb/d in April and 1.2 mb/d in May 2023.

Looking ahead, preliminary indications point to the June data showing crude imports remaining relatively steady in July. Product exports are expected to show an increase, given the high outflows of gasoline and jet/kerosene.

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

China	Mar 24	Apr 24	May 24	*Change* May 24/Apr 24
Crude oil	11.57	10.85	11.09	0.24
Total products	0.83	1.43	1.02	-0.41
Total crude and products	**12.40**	**12.28**	**12.11**	**-0.17**

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

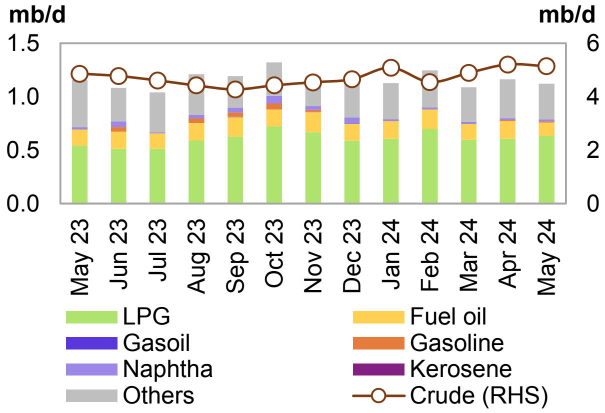
Sources: China OGP and OPEC.

India

India's crude imports declined from a two-year high in May, edging down 63 tb/d, or a bit over 1%, m-o-m, to average 5.1 mb/d. Compared with the same period last year, crude imports rose 278 tb/d or almost 6%. Crude inflows were seen to be supported by increased activities ahead of national elections which supported transportation demand.

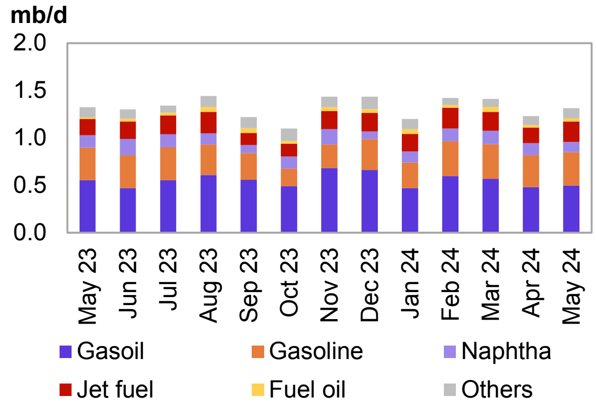
In terms of crude imports by source, Kpler data shows Russia had a share of 41% of India's total May crude imports, unchanged from April, followed by Iraq with 21% and Saudi Arabia with 11%.

Graph 8 - 9: India's imports of crude and products



Sources: PPAC and OPEC.

Graph 8 - 10: India's exports of products



Sources: PPAC and OPEC.

For product imports, inflows slipped 42 tb/d, or about 4%, m-o-m, to average 1.1 mb/d in May. Declines were driven by a drop in fuel oil and other products, primarily consisting of bitumen. Y-o-y, product inflows were down by 36 tb/d, or just over 3%.

Product exports in May rose by 83 tb/d, or over 6%, m-o-m, to stand at 1.3 mb/d. Other products led gains, which were also supported by diesel oil and gasoline. Compared to the same month of 2023, product outflows from India edged down by 12 tb/d, or less than 1%.

As a result, net product exports averaged 192 tb/d in May, compared with 66 tb/d the month before and 167 tb/d in the same month last year.

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

India	Mar 24	Apr 24	May 24	Change May 24/Apr 24
Crude oil	4.89	5.20	5.14	-0.06
Total products	-0.32	-0.07	-0.19	-0.13
Total crude and products	**4.56**	**5.13**	**4.94**	**-0.19**

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.

Looking ahead, India's crude imports are likely to continue to see a seasonal dip in the July data. Product imports are also likely to edge lower, as the onset of the monsoon season typically weighs on product demand. Product exports are likely to be steady, supported by diesel and jet/kerosene outflows.

Eurasia

Total crude oil exports from Russia and Central Asia decreased by 0.4 mb/d or over 5%, m-o-m, in May to average around 6.3 mb/d. Declines were largely driven by lower volumes from Baltic Sea terminals. Compared to the same month in 2023, outflows were down by 0.6 mb/d, or 9%, lower.

Crude exports through the Transneft system fell further in May, down 262 tb/d, or about 7%, m-o-m, to average 3.8 mb/d. Compared to the same month of 2023, exports were down by 449 tb/d, or about 11%. Transneft shipments from the Black Sea port of Novorossiysk edged down 32 tb/d, or about 6%, m-o-m, to average 533 tb/d. Crude exports from the Baltic Sea fell more heavily, declining 211 tb/d, or about 12%, to average 1.5 mb/d. Within the Baltic Sea region, flows from Primorsk fell 190 tb/d, or about 18%, to average 880 tb/d. Exports from Ust-Luga slipped 21 tb/d, or 3%, to average 729 tb/d.

Shipments via the Druzhba pipeline edged up 6 tb/d, or about 3%, m-o-m, to average 203 tb/d in May. Compared to the same month of 2023, exports via the pipeline were down by 71 tb/d, or 26%. Exports to inland China via the ESPO pipeline rose 30 tb/d, or about 5%, to average 608 tb/d in May. This is 58 tb/d, or 11%, higher than the flows seen in May 2023. Exports from the Pacific port of Kozmino averaged 907 tb/d, representing a drop 55 tb/d, m-o-m, or about 6%. This was about 27 tb/d, or 3%, higher than in the same month of 2023.

In the Lukoil system, exports via the Varandey offshore platform in the Barents Sea expanded in May by about 1%, m-o-m, to average 131 tb/d. This is about 20% higher than the same month last year.

On other routes, the combined exports from Russia's Far East ports, De Kastri and Aniva, fell by 13 tb/d, or around 5%, to average 227 tb/d in May. This was a drop of 44 tb/d, or 16%, compared with the volumes shipped in the same month of 2023.

Central Asian exports averaged 214 tb/d in May, representing a drop of 10% compared to the previous month, and about a 6% drop from the same month of 2023.

Black Sea total exports from the CPC terminal fell 34 tb/d in May, or about 3%, to average 1.3 mb/d. This represents a decline of 47 tb/d, or about 3%, compared with the same month of 2023. Exports via the Baku-Tbilisi-Ceyhan (BTC) pipeline decreased 25 tb/d in May, or just over 4%, m-o-m, to average 595 tb/d.

Total product exports from Russia and Central Asia increased by 124 tb/d, or more than 5%, m-o-m, to an average of almost 2.4 mb/d in May. The m-o-m gains were led by naphtha and were seen across all major products, except gasoil. Y-o-y, total product exports declined 60 b/d, or about 3%, with losses in gasoil and to a lesser extent gasoline and fuel oil.

Commercial Stock Movements

Preliminary May 2024 data shows total OECD commercial oil stocks up by 24.7 mb, m-o-m. At 2,813 mb, they were 1.1 mb lower than the same time one year ago, 101.6 mb less than the latest five-year average, and 142.4 mb below the 2015–2019 average. Within the components, crude stocks fell by 5.4 mb, while product stocks rose by 30.1 mb, m-o-m.

OECD commercial crude stocks stood at 1,366 mb. This was 27.9 mb lower than the same time a year ago, 61.0 mb below the latest five-year average, and 119.6 mb less than the 2015-2019 average.

OECD total product stocks stood at 1,447 mb. This is 26.8 mb higher than the same time a year ago, but 40.6 mb lower than the latest five-year average, and 22.8 mb below the 2015–2019 average.

In terms of days of forward cover, OECD commercial stocks increased in May by 0.3 days, m-o-m, to stand at 60.6 days. This is 0.3 days less than the level registered in May 2023, 4.0 days lower than the latest five-year average, and 1.4 days less than the 2015–2019 average.

Preliminary data for June 2024 shows that total US commercial oil stocks rose by 6.4 mb, m-o-m, to stand at 1,283 mb. This is 18.7 mb, or 1.5%, higher than the same month in 2023, but 14.5 mb, or 1.1%, below the latest five-year average. Crude stocks fell by 7.4 mb, while product stocks rose by 13.8 mb, m-o-m.

OECD

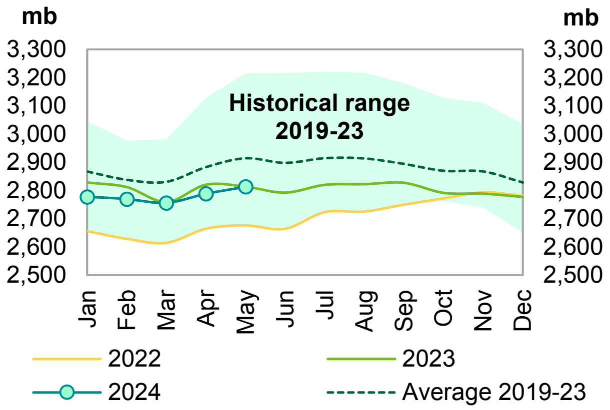
Preliminary May 2024 data shows total OECD commercial oil stocks up by 24.7 mb, m-o-m. At 2,813 mb, they were 1.1 mb lower than the same time one year ago, 101.6 mb less than the latest five-year average, and 142.4 mb below the 2015–2019 average.

Within the components, crude stocks fell by 5.4 mb, while product stocks rose by 30.1 mb, m-o-m.

Within the OECD regions, in May, total commercial oil stocks rose in OECD America and OECD Europe, while they fell in OECD Asia Pacific.

OECD commercial crude stocks fell by 5.4 mb, m-o-m, ending May at 1,366 mb. This was 27.9 mb lower than the same time a year ago, 61.0 mb below the latest five-year average, and 119.6 mb less than the 2015–2019 average.

Graph 9 - 1: OECD commercial oil stocks



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

Within the OECD regions, OECD Americas and OECD Asia Pacific saw crude stock draws of 7.9 mb and 6.2 mb, m-o-m, respectively, while crude stocks in OECD Europe rose by 8.7 mb, m-o-m.

OECD total product stocks rose by 30.1 mb in May to stand at 1,447 mb. This is 26.8 mb higher than the same time a year ago, but 40.6 mb lower than the latest five-year average, and 22.8 mb below the 2015–2019 average.

Within the OECD regions, product stocks in OECD Europe witnessed a drop of 1.7 mb, m-o-m, while OECD Americas and OECD Asia Pacific product stocks rose by 27.1 mb and 4.7 mb, respectively.

Table 9 - 1: OECD commercial stocks, mb

OECD stocks	May 23	Mar 24	Apr 24	May 24	*Change* May 24/Apr 24
Crude oil	1,393	1,350	1,371	1,366	*-5.4*
Products	1,421	1,406	1,417	1,447	*30.1*
Total	**2,814**	**2,756**	**2,788**	**2,813**	***24.7***
Days of forward cover	**60.9**	**60.1**	**60.3**	**60.6**	***0.3***

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

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

In terms of days of forward cover, OECD commercial stocks increased in May by 0.3 days, m-o-m, to stand at 60.6 days. This is 0.3 days less than the level registered in May 2023, 4.0 days lower than the latest five-year average, and 1.4 days less than the 2015–2019 average.

Within the OECD regions, OECD Americas stood at 3.9 days and OECD Europe 4.1 days below the latest five-year average, at 59.5 days and 68.9 days, respectively. OECD Asia Pacific was 3.7 days less than the latest five-year average, standing at 48.5 days.

OECD Americas

OECD Americas' total commercial stocks rose in May by 19.2 mb, m-o-m, to settle at 1,528 mb. This is 15.4 mb higher than the same month in 2023, but 26.5 mb below the latest five-year average.

Commercial crude oil stocks in OECD Americas fell in May by 7.9 mb, m-o-m, to stand at 769 mb, which is 5.7 mb lower than in May 2023 and 22.1 mb less than the latest five-year average.

In contrast, total product stocks in OECD Americas rose by 27.1 mb, m-o-m, in May to stand at 760 mb. This is 21.1 mb higher than the same month in 2023, but 4.4 mb below the latest five-year average. Lower consumption in the region was behind the product stock build.

OECD Europe

OECD Europe's total commercial stocks rose in May by 7.0 mb, m-o-m, to settle at 945 mb. This is 0.4 mb less than the same month in 2023, and 47.0 mb below the latest five-year average.

OECD Europe's commercial crude stocks increased by 8.7 mb, m-o-m, to end May at 423 mb. This is 7.7 mb less than one year ago and 13.6 mb lower than the latest five-year average.

By contrast, total product stocks fell by 1.7 mb, m-o-m, to end May at 522 mb. This is 7.3 mb higher than the same time a year ago, but 33.4 mb below the latest five-year average.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks fell in May by 1.4 mb, m-o-m, to stand at 339 mb. This is 16.1 mb lower than the same time a year ago and 28.1 mb below the latest five-year average.

OECD Asia Pacific's crude stocks fell by 6.2 mb, m-o-m, to end May at 174 mb. This is 14.5 mb lower than one year ago, and 25.3 mb less than the latest five-year average.

By contrast, OECD Asia Pacific's total product stocks increased by 4.7 mb, m-o-m, to end May at 165 mb. This is 1.6 mb lower than one year ago and 2.8 mb below the latest five-year average.

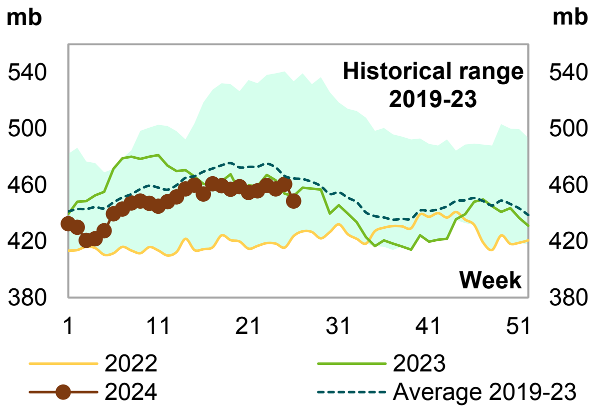
US

Preliminary data for June 2024 shows that total US commercial oil stocks rose by 6.4 mb, m-o-m, to stand at 1,283 mb. This is 18.7 mb, or 1.5%, higher than the same month in 2023, but 14.5 mb, or 1.1%, below the latest five-year average. Crude stocks fell by 7.4 mb, while product stocks rose by 13.8 mb, m-o-m.

US commercial crude stocks in June stood at 449 mb. This is 6.2 mb, or 1.4%, lower than the same month in 2023, and 14.8 mb, or 3.2%, below the latest five-year average. The monthly draw in crude oil stocks is attributable to higher crude runs, which increased by around 140 tb/d or 0.8%, m-o-m, to average 17.2 mb/d in June.

By contrast, total product stocks rose in May to stand at 835 mb. This is 24.9 mb, or 3.1%, higher than in June 2023, and 0.3 mb, or 0.03%, above the latest five-year average. The product stock build can be attributed to lower product consumption.

Graph 9 - 2: US weekly commercial crude oil inventories



Sources: EIA and OPEC.

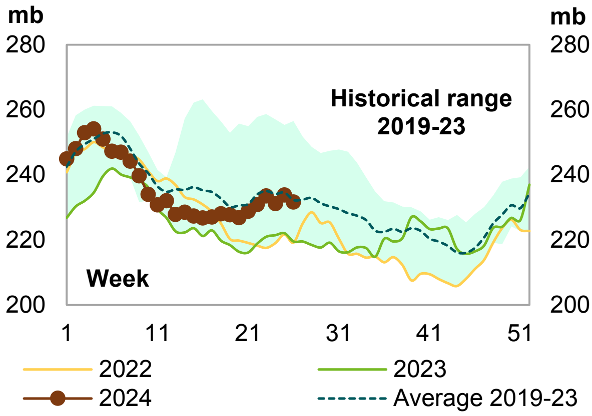
Gasoline stocks rose in June by 0.7 mb, m-o-m, to settle at 231.7 mb. This is 8.5 mb, or 3.8%, higher than the same month in 2023, but 1.5 mb, or 0.6%, below the latest five-year average.

Jet fuel stocks increased by 0.2 mb, m-o-m, ending June at 43.3 mb. This is 0.6 mb, or 1.3%, higher than the same month in 2023, and 1.5 mb, or 3.6%, above the latest five-year average.

By contrast, distillate stocks in June fell by 2.8 mb, m-o-m, to stand at 119.7 mb. This is 7.1 mb, or 6.3%, higher than the same month in 2023, but 14.7 mb, or 10.9%, below the latest five-year average.

Residual fuel oil stocks in June fell by 0.3 mb, m-o-m. At 28.2 mb, they were 2.2 mb, or 7.3%, less than a year earlier, and 4.0 mb, or 12.5%, below the latest five-year average.

Graph 9 - 3: US weekly gasoline inventories



Sources: EIA and OPEC.

Table 9 - 2: US commercial petroleum stocks, mb

US stocks	Jun 23	Apr 24	May 24	Jun 24	Change Jun 24/May 24
Crude oil	**454.7**	**463.8**	**455.9**	**448.5**	***-7.4***
Gasoline	223.2	233.3	230.9	231.7	*0.7*
Distillate fuel	112.6	117.8	122.5	119.7	*-2.8*
Residual fuel oil	30.4	27.9	28.5	28.2	*-0.3*
Jet fuel	42.7	41.6	43.1	43.3	*0.2*
Total products	**809.7**	**794.2**	**820.7**	**834.5**	***13.8***
Total	**1,264.4**	**1,258.1**	**1,276.6**	**1,283.1**	***6.4***
SPR	**347.2**	**366.9**	**370.2**	**372.6**	***2.4***

Sources: EIA and OPEC.

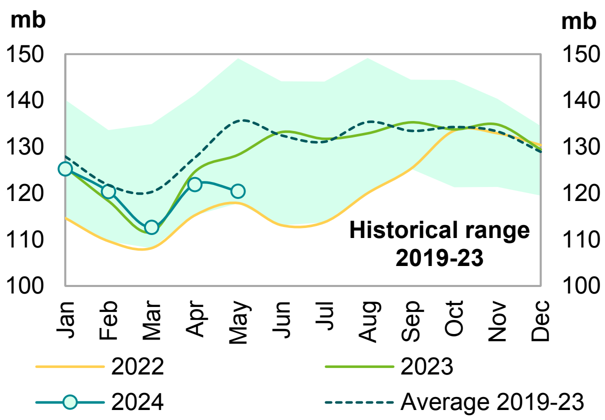
Japan

In Japan, total commercial oil stocks in May 2024 fell by 1.4 mb, m-o-m, to settle at 120.5 mb. This is 7.8 mb, or 6.1%, lower than the same month in 2023 and 15.1 mb, or 11.1%, below the latest five-year average. Crude stocks decreased by 6.2 b, m-o-m, while product stocks rose by 4.7 mb.

Japanese commercial crude oil stocks fell in May by 6.2 mb, m-o-m, to stand at 61.5 mb. This is 12.7 mb, or 17.1%, lower than the same month in 2023 and 16.0 mb, or 20.6%, below the latest five-year average. The draw in crude stocks came on the back of lower crude imports, which decreased in May by 513 tb/d, or 19.6%, m-o-m, to average 2.1 mb/d.

Gasoline stocks rose by 1.2 mb, m-o-m, to stand at 11.7 mb in May. This is 1.0 mb, or 9.8%, higher than a year earlier, and they are in line with the latest five-year average. The build in gasoline stocks came on the back of higher gasoline imports, which rose by 38%, m-o-m, in May.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

Distillate stocks rose by 3.6 mb, m-o-m, to end May at 25.3 mb. This is 2.1 mb, or 9.1%, higher than the same month in 2023 and 1.1 mb, or 4.3%, above the latest five-year average. Within the distillate components, jet fuel, gasoil and kerosene stocks rose by 10.4%, 10.5%, and 27.2%, respectively.

By contrast, total residual fuel oil stocks fell, m-o-m, by 0.1 mb to end May at 12.6 mb. This is 0.7 mb, or 5.7%, higher than the same month in 2023, and 0.2 mb, or 2.0%, above the latest five-year average. Within the components, fuel oil A stocks rose by 3.0%, m-o-m, while fuel oil B.C stocks fell by 3.3%, m-o-m.

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

Japan's stocks	May 23	Mar 24	Apr 24	May 24	*Change May 24/Apr 24*
Crude oil	**74.2**	**62.6**	**67.7**	**61.5**	***-6.2***
Gasoline	10.6	9.8	10.5	11.7	*1.2*
Naphtha	8.3	9.0	9.2	9.3	*0.1*
Middle distillates	23.2	20.3	21.7	25.3	*3.6*
Residual fuel oil	12.0	11.0	12.8	12.6	*-0.1*
Total products	**54.1**	**50.1**	**54.2**	**58.9**	***4.7***
Total**	**128.3**	**112.7**	**121.9**	**120.5**	***-1.4***

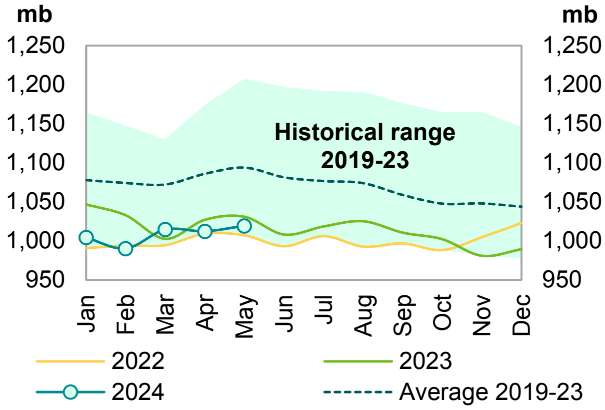
*Note: * At the end of the month. ** Includes crude oil and main products only.*
Sources: METI and OPEC.

EU-14 plus UK and Norway

Preliminary data for May 2024 showed that total European commercial oil stocks rose by 7.0 mb, m-o-m, to stand at 1,019 mb. At this level, they were 11.4 mb, or 1.1%, below the same month in 2023, and 74.3 mb, or 6.8%, less than the latest five-year average. Crude stocks rose by 8.7 mb, m-o-m, while product stocks fell by 1.7 mb, m-o-m.

European crude stocks stood at 430.5 mb in May. This is 11.9 mb, or 2.7%, lower than the same month in 2023 and 38.5 mb, or 8.2% less than the latest five-year average. The build in crude oil stocks came on the back of lower refinery throughput in the EU-14, plus the UK and Norway, which decreased by around 40 tb/d or 0.4%, m-o-m, to stand at 9.67 mb/d.

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



Sources: Argus, Euroilstock and OPEC.

Total European product stocks fell by 1.7 mb, m-o-m, to end May at 588.9 mb. This is 0.5 mb, or 0.1%, higher than the same month in 2023, but 35.8 mb, or 5.7%, below the latest five-year average. The stock draw can be attributed to higher demand in the region.

Gasoline stocks fell in May by 1.0 mb, m-o-m, to stand at 110.6 mb, which is 7.8 mb, or 7.6%, higher than the same time in 2023, but 1.8 mb, or 1.6%, below the latest five-year average.

Middle distillate stocks decreased in May by 1.3 mb, m-o-m, to stand at 391.9 mb. This is 2.8 mb, or 0.7%, lower than the same month in 2023 and 23.5 mb, or 5.6%, lower than the latest five-year average.

Residual fuel stocks were down in May by 0.5 mb, m-o-m, to stand at 59.5 mb. This is 3.9 mb, or 6.1%, lower than the same month in 2023 and 6.2 mb, or 9.4%, below the latest five-year average.

By contrast, naphtha stocks rose in May by 1.1 mb, m-o-m, ending the month at 26.8 mb. This is 0.7 mb, or 2.5%, below the same month in 2023, and 4.3 mb, or 13.9 %, lower than the latest five-year average.

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

EU stocks	May 23	Mar 24	Apr 24	May 24	*Change May 24/Apr 24*
Crude oil	**442.4**	**419.9**	**421.8**	**430.5**	***8.7***
Gasoline	102.8	110.9	111.6	110.6	*-1.0*
Naphtha	27.5	28.3	25.8	26.8	*1.1*
Middle distillates	394.6	396.8	393.2	391.9	*-1.3*
Fuel oils	63.4	58.6	60.0	59.5	*-0.5*
Total products	**588.3**	**594.6**	**590.5**	**588.9**	***-1.7***
Total	**1,030.7**	**1,014.5**	**1,012.3**	**1,019.3**	***7.0***

Sources: Argus, Euroilstock and OPEC.

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

Singapore

In May, total product stocks in Singapore fell by 1.5 mb, m-o-m, to stand at 43.5 mb. This is 1.4 mb, or 3.4%, higher than the same month in 2023, but 3.6 mb, or 7.6%, less than the latest five-year average.

Light distillate stocks fell in May by 0.4 mb, m-o-m, to stand at 15.1 mb. This is in line with the level seen in the same month in 2023, and 1.1 mb, or 7.8%, above the latest five-year average.

Middle distillate stocks decreased in May by 0.6 mb, m-o-m, to stand at 10.8 mb. This is 2.9 mb, or 35.9%, higher than in May 2023, and 0.2 mb, or 1.7%, above the latest five-year average.

Residual fuel oil stocks went down by 0.5 mb, m-o-m, ending May at 17.5 mb. This is 1.4 mb, or 7.5%, lower than in May 2023, and 4.9 mb, or 21.7%, below the latest five-year average.

ARA

Total product stocks in ARA in May fell by 1.3 mb, m-o-m. At 46.0 mb, they were 0.1 mb, or 0.2%, above the same month in 2023, and 0.6 mb, or 1.3 %, higher than the latest five-year average.

Gasoline stocks fell by 0.5 mb, m-o-m, ending May at 8.3 mb. This is 3.1 mb, or 26.9%, lower than in May 2023, and 1.8 mb, or 17.7%, below the latest five-year average.

Gasoil stocks in May remained unchanged, m-o-m, to stand at 16.6 mb. This is 0.5 mb, or 2.9%, less than the same month in 2023, and 0.6 mb, or 3.4%, lower than the latest five-year average.

Fuel oil stocks decreased in May by 0.2 mb, m-o-m, to stand at 10.0 mb. This is 1.9 mb, or 23.0%, higher than in May 2023 and 1.7 mb, or 20.3%, above the latest five-year average.

By contrast, jet oil stocks rose by 0.3 mb, m-o-m, to stand at 6.9 mb in May. This is 0.2 mb, or 3.3%, higher than the level seen in May 2023, but 0.1 mb, or 1.5% lower than the latest five-year average.

Fujairah

During the week ending 1 July 2024, total oil product stocks in Fujairah fell by 1.27 mb, w-o-w, to stand at 16.54 mb, according to data from FEDCom and S&P Global Commodity Insights. At this level, total oil stocks were 3.65 mb lower than at the same time a year ago.

Middle distillate stocks rose by 0.08 mb, w-o-w, to stand at 2.66 mb, which is 0.90 mb less than the same time last year.

By contrast, light distillate stocks fell by 0.82 mb, w-o-w, to stand at 5.14 mb, which is 1.09 mb lower than a year ago.

Heavy distillate stocks also decreased by 0.53 mb, w-o-w, to stand at 8.74 mb, which is 1.66 mb below the same time a year ago.

Balance of Supply and Demand

Demand for DoC crude (i.e. crude from countries participating in the Declaration of Cooperation) is revised down by 0.1 mb/d from the previous assessment at 43.1 mb/d in 2024, around 0.9 mb/d higher than the estimate for 2023.

Demand for DoC crude in 2025 is revised down by 0.1 mb/d from the previous assessment to stand at 43.9 mb/d, around 0.7 mb/d higher than the estimate for 2024.

Balance of supply and demand in 2024

Demand for DoC crude

Demand for DoC crude (i.e. crude from countries participating in the Declaration of Cooperation) is revised down by 0.1 mb/d from the previous assessment to stand at 43.1 mb/d in 2024, around 0.9 mb/d higher than the estimate for 2023.

Table 10 - 1: DoC supply/demand balance for 2024*, mb/d

	2023	1Q24	2Q24	3Q24	4Q24	2024	*Change 2024/23*
(a) World oil demand	**102.2**	**103.5**	**103.8**	**104.9**	**105.6**	**104.5**	***2.2***
Non-DoC liquids production	51.7	52.6	53.0	53.0	53.4	53.0	*1.2*
DoC NGL and non-conventionals	8.2	8.4	8.3	8.3	8.3	8.3	*0.1*
(b) Total non-DoC liquids production and DoC NGLs	**60.0**	**61.0**	**61.3**	**61.3**	**61.7**	**61.3**	***1.3***
Difference (a-b)	**42.2**	**42.5**	**42.5**	**43.6**	**43.9**	**43.1**	***0.9***
DoC crude oil production	**42.0**	**41.2**	**40.9**				
Balance	**-0.3**	**-1.3**	**-1.6**				

*Note: * 2024 = Forecast. Totals may not add up due to independent rounding.*

Source: OPEC.

Balance of supply and demand in 2025

Demand for DoC crude

Demand for DoC crude in 2025 is revised down by 0.1 mb/d from the previous assessment to stand at 43.9 mb/d, around 0.7 mb/d higher than the estimate for 2024.

Table 10 - 2: DoC supply/demand balance for 2025*, mb/d

	2024	1Q25	2Q25	3Q25	4Q25	2025	*Change 2025/24*
(a) World oil demand	**104.5**	**105.3**	**105.5**	**107.0**	**107.4**	**106.3**	***1.8***
Non-DoC liquids production	53.0	54.0	53.7	54.0	54.6	54.1	*1.1*
DoC NGL and non-conventionals	8.3	8.4	8.4	8.3	8.4	8.4	*0.0*
(b) Total non-DoC liquids production and DoC NGLs	**61.3**	**62.4**	**62.1**	**62.3**	**63.0**	**62.5**	***1.1***
Difference (a-b)	**43.1**	**42.9**	**43.4**	**44.7**	**44.4**	**43.9**	***0.7***

*Note: * 2025 = Forecast. Totals may not add up due to independent rounding.*

Source: OPEC.

Appendix

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

World oil demand and supply balance	2021	2022	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25	3Q25	4Q25	2025
World demand													
Americas	24.0	24.7	25.0	24.5	25.3	25.5	25.4	25.2	24.5	25.4	25.6	25.4	25.2
of which US	*19.8*	*20.2*	*20.4*	*19.9*	*20.7*	*20.7*	*20.8*	*20.5*	*20.0*	*20.7*	*20.7*	*20.9*	*20.6*
Europe	13.1	13.6	13.4	13.0	13.6	13.7	13.4	13.4	13.0	13.6	13.8	13.4	13.5
Asia Pacific	7.3	7.3	7.2	7.6	6.9	7.0	7.4	7.2	7.6	6.9	7.0	7.4	7.2
Total OECD	**44.4**	**45.6**	**45.7**	**45.1**	**45.8**	**46.3**	**46.2**	**45.8**	**45.2**	**45.9**	**46.4**	**46.3**	**45.9**
China	15.5	15.0	16.4	16.8	16.9	17.3	17.4	17.1	17.2	17.3	17.8	17.8	17.5
India	4.8	5.1	5.3	5.7	5.7	5.4	5.6	5.6	5.9	5.9	5.6	5.8	5.8
Other Asia	8.7	9.1	9.3	9.7	9.8	9.5	9.5	9.6	10.0	10.1	9.8	9.8	9.9
Latin America	6.2	6.4	6.7	6.8	6.9	7.0	6.9	6.9	6.9	7.1	7.2	7.1	7.1
Middle East	7.8	8.3	8.6	8.8	8.6	9.2	9.0	8.9	9.1	8.9	9.7	9.4	9.3
Africa	4.2	4.4	4.5	4.7	4.4	4.4	4.8	4.6	4.8	4.5	4.5	4.9	4.7
Russia	3.6	3.8	3.8	3.9	3.8	4.0	4.1	4.0	4.0	3.9	4.0	4.1	4.0
Other Eurasia	1.2	1.2	1.2	1.3	1.2	1.1	1.3	1.2	1.3	1.3	1.1	1.3	1.3
Other Europe	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total Non-OECD	**52.8**	**54.1**	**56.6**	**58.4**	**58.0**	**58.6**	**59.4**	**58.6**	**60.1**	**59.6**	**60.5**	**61.1**	**60.4**
(a) Total world demand	**97.2**	**99.7**	**102.2**	**103.5**	**103.8**	**104.9**	**105.6**	**104.5**	**105.3**	**105.5**	**107.0**	**107.4**	**106.3**
Y-o-y change	***5.9***	***2.5***	***2.6***	***2.3***	***2.0***	***2.5***	***2.1***	***2.2***	***1.8***	***1.7***	***2.1***	***1.8***	***1.8***
Non-DoC liquids production													
Americas	23.5	24.9	26.6	26.9	27.4	27.4	27.6	27.3	27.9	27.7	28.0	28.4	28.0
of which US	*18.1*	*19.3*	*20.9*	*21.0*	*21.7*	*21.4*	*21.5*	*21.4*	*21.8*	*21.8*	*21.9*	*22.1*	*21.9*
Europe	3.8	3.6	3.7	3.7	3.6	3.7	3.8	3.7	3.9	3.7	3.7	3.8	3.8
Asia Pacific	0.5	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total OECD	**27.8**	**29.0**	**30.7**	**31.0**	**31.5**	**31.5**	**31.8**	**31.5**	**32.2**	**31.9**	**32.1**	**32.6**	**32.2**
China	4.3	4.4	4.5	4.6	4.6	4.5	4.5	4.5	4.6	4.6	4.5	4.5	4.5
India	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Other Asia	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Latin America	6.0	6.3	7.0	7.3	7.2	7.4	7.5	7.3	7.5	7.5	7.6	7.8	7.6
Middle East	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Africa	2.3	2.3	2.2	2.2	2.3	2.2	2.3	2.2	2.3	2.3	2.3	2.3	2.3
Other Eurasia	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Non-OECD	**17.6**	**18.0**	**18.6**	**19.0**	**18.9**	**19.0**	**19.1**	**19.0**	**19.2**	**19.2**	**19.3**	**19.4**	**19.3**
Total Non-DoC production	45.4	46.9	49.3	50.1	50.4	50.4	50.9	50.5	51.4	51.1	51.4	52.0	51.5
Processing gains	2.3	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6
Total Non-DoC liquids production	**47.7**	**49.3**	**51.7**	**52.6**	**53.0**	**53.0**	**53.4**	**53.0**	**54.0**	**53.7**	**54.0**	**54.6**	**54.1**
DoC NGLs	7.6	8.0	8.2	8.4	8.3	8.3	8.3	8.3	8.4	8.4	8.3	8.4	8.4
(b) Total Non-DoC liquids production and DoC NGLs	**55.3**	**57.3**	**60.0**	**61.0**	**61.3**	**61.3**	**61.7**	**61.3**	**62.4**	**62.1**	**62.3**	**63.0**	**62.5**
Y-o-y change	***0.6***	***2.0***	***2.7***	***2.0***	***2.0***	***1.1***	***0.4***	***1.3***	***1.4***	***0.8***	***1.0***	***1.3***	***1.1***
OPEC crude oil production (secondary sources)	25.2	27.7	27.0	26.6	26.6								
Non-OPEC DoC crude production	15.0	15.1	15.0	14.7	14.2								
DoC crude oil production	**40.3**	**42.8**	**42.0**	**41.2**	**40.9**								
Total liquids production	**95.6**	**100.1**	**102.0**	**102.2**	**102.2**								
Balance (stock change and miscellaneous)	*-1.6*	*0.5*	*-0.3*	*-1.3*	*-1.6*								
OECD closing stock levels, *mb*													
Commercial	2,652	2,781	2,778	2,756									
SPR	1,484	1,214	1,207	1,219									
Total	**4,136**	**3,995**	**3,984**	**3,975**									
Oil-on-water	1,348	1,546	1,438	1,460									
Days of forward consumption in OECD, *days*													
Commercial onland stocks	58	61	61	60									
SPR	33	27	26	27									
Total	**91**	**88**	**87**	**87**									
Memo items													
(a) - (b)	**41.9**	**42.4**	**42.2**	**42.5**	**42.5**	**43.6**	**43.9**	**43.1**	**42.9**	**43.4**	**44.7**	**44.4**	**43.9**

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

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

World oil demand and supply balance	2021	2022	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25	3Q25	4Q25	2025
World demand													
Americas	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
of which US	*-*	*-*	*-*	*-0.1*	*-*	*-*	*-*	*0.0*	*-0.1*	*-*	*-*	*-*	*0.0*
Europe	-0.1	0.0	0.1	-0.1	0.0	0.0	0.1	0.0	-0.1	0.0	0.0	0.1	0.0
Asia Pacific	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Total OECD	**-0.1**	**-0.1**	**-0.1**	**-0.3**	**-0.1**	**-0.1**	**-0.1**	**-0.2**	**-0.3**	**-0.1**	**-0.1**	**-0.1**	**-0.2**
China	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1
India	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	0.0	-	-	-	0.0	0.0	-	-	-	0.0
Russia	-	-	-	0.0	-	-	-	-	0.0	-	-	-	-
Other Eurasia	-	-	-	0.0	-	-	-	-	0.0	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	**0.1**	**0.1**	**0.1**	**0.3**	**0.1**	**0.1**	**0.1**	**0.2**	**0.3**	**0.1**	**0.1**	**0.1**	**0.2**
(a) Total world demand	**-**	**-**	**-**	**0.0**	**-**	**-**	**0.0**	**-**	**0.0**	**-**	**-**	**0.0**	**-**
Y-o-y change	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Non-DoC liquids production													
Americas	-	-	-	-	0.3	-	-	0.1	0.1	0.1	0.1	0.1	0.1
of which US	*-*	*-*	*-*	*-*	*0.3*	*-*	*-*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*
Europe	-	-	-	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Asia Pacific	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Total OECD	**-**	**-**	**-**	**-**	**0.2**	**-0.1**	**-0.1**	**-**	**-**	**-**	**-**	**-**	**-**
China	-	-	-	-	-	-	-	-	-	-	-	-	-
India	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
Other Asia	-	-	-	-	0.1	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0
Latin America	-	-	-	-	0.0	0.0	0.0	-	-	-	-	-	-
Middle East	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Africa	-	-	-	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Eurasia	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	**0.0**	**0.0**	**0.0**	**-**	**-**	**-**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Non-DoC production	0.0	0.0	0.0	0.0	0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Processing gains	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-DoC liquids production	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**	**-0.1**	**-0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
DoC NGLs	-	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.1
(b) Total Non-DoC liquids production and DoC NGLs	**0.0**	**0.1**	**0.1**	**0.1**	**0.2**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Y-o-y change	*-*	*0.0*	*0.0*	*-*	*0.1*	*-0.1*	*-0.1*	*0.0*	*0.0*	*-0.1*	*0.1*	*0.1*	*0.0*
OPEC crude oil production (secondary sources)	-	-	-	-									
Non-OPEC DoC crude production	-	-	-	-									
DoC crude oil production	**-**	**-**	**-**	**-**									
Total liquids production	**-**	**0.1**	**0.1**	**0.1**									
Balance (stock change and miscellaneous)	*-*	*0.1*	*0.1*	*0.1*									
OECD closing stock levels, *mb*													
Commercial	-	-	1	-									
SPR	-	-	-	4									
Total	**-**	**-**	**1**	**4**									
Oil-on-water	-	-	-	-									
Days of forward consumption in OECD, *days*													
Commercial onland stocks	-	-	-	-									
SPR	-	-	-	-									
Total	**-**	**-**	**-**	**-**									
Memo items													
(a) - (b)	**0.0**	**-0.1**	**-0.1**	**-0.1**	**-0.2**	**0.0**	**0.0**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**

*Note: * This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the June 2024 issue.*
This table shows only where changes have occurred.
Revisions in 2024 and 2025 are due to an upward revision of the historical baseline.
Source: OPEC.

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

OECD oil stocks and oil on water	2021	2022	2023	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Closing stock levels, mb											
OECD onland commercial	**2,652**	**2,781**	**2,778**	**2,664**	**2,750**	**2,781**	**2,759**	**2,793**	**2,828**	**2,778**	**2,756**
Americas	1,470	1,492	1,518	1,435	1,473	1,492	1,489	1,513	1,539	1,518	1,489
Europe	857	936	906	911	918	936	920	921	924	906	932
Asia Pacific	325	353	353	318	359	353	351	359	365	353	335
OECD SPR	**1,484**	**1,214**	**1,207**	**1,343**	**1,246**	**1,214**	**1,217**	**1,206**	**1,209**	**1,207**	**1,219**
Americas	596	374	357	495	418	374	373	349	353	357	366
Europe	479	461	466	452	448	461	460	470	471	466	470
Asia Pacific	409	378	384	395	380	378	383	387	384	384	383
OECD total	**4,136**	**3,995**	**3,984**	**4,008**	**3,996**	**3,995**	**3,976**	**3,999**	**4,037**	**3,984**	**3,975**
Oil-on-water	**1,348**	**1,546**	**1,438**	**1,451**	**1,554**	**1,546**	**1,560**	**1,449**	**1,367**	**1,438**	**1,460**
Days of forward consumption in OECD, days											
OECD onland commercial	**58**	**61**	**61**	**58**	**60**	**62**	**61**	**61**	**62**	**62**	**60**
Americas	59	60	60	58	60	62	59	60	61	62	59
Europe	63	70	67	65	69	71	68	67	69	70	68
Asia Pacific	44	49	49	45	48	46	51	51	49	46	48
OECD SPR	**33**	**27**	**26**	**29**	**27**	**27**	**27**	**26**	**26**	**27**	**27**
Americas	24	15	14	20	17	15	15	14	14	15	14
Europe	35	34	35	32	33	35	34	34	35	36	35
Asia Pacific	56	52	53	56	50	49	56	55	52	50	55
OECD total	**93**	**96**	**95**	**87**	**88**	**89**	**87**	**87**	**88**	**88**	**87**

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

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

Non-DoC liquids production and DoC NGLs	2023	Change 23/22	1Q24	2Q24	3Q24	4Q24	2024	Change 24/23	1Q25	2Q25	3Q25	4Q25	2025	Change 25/24
US	20.9	1.6	21.0	21.7	21.4	21.5	21.4	0.5	21.8	21.8	21.9	22.1	21.9	0.5
Canada	5.7	0.1	5.9	5.8	5.9	6.1	5.9	0.2	6.1	5.9	6.1	6.3	6.1	0.2
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	0.0
OECD Americas	**26.6**	**1.7**	**26.9**	**27.4**	**27.4**	**27.6**	**27.3**	**0.7**	**27.9**	**27.7**	**28.0**	**28.4**	**28.0**	**0.7**
Norway	2.0	0.1	2.1	2.0	2.0	2.1	2.0	0.0	2.2	2.1	2.1	2.2	2.1	0.1
UK	0.8	-0.1	0.8	0.7	0.7	0.8	0.8	0.0	0.8	0.8	0.7	0.8	0.8	0.0
Denmark	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Other OECD Europe	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
OECD Europe	**3.7**	**0.1**	**3.7**	**3.6**	**3.7**	**3.8**	**3.7**	**0.0**	**3.9**	**3.7**	**3.7**	**3.8**	**3.8**	**0.1**
Australia	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.3	0.4	0.4	0.4	0.0
Other OECD Asia Pacific	0.1	0.0	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**	**0.0**	**0.5**	**0.4**	**0.4**	**0.4**	**0.4**	**0.0**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.0**
Total OECD	**30.7**	**1.7**	**31.0**	**31.5**	**31.5**	**31.8**	**31.5**	**0.8**	**32.2**	**31.9**	**32.1**	**32.6**	**32.2**	**0.8**
China	**4.5**	**0.1**	**4.6**	**4.6**	**4.5**	**4.5**	**4.5**	**0.0**	**4.6**	**4.6**	**4.5**	**4.5**	**4.5**	**0.0**
India	**0.8**	**0.0**	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.0**	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.0**
Indonesia	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
Thailand	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.0
Vietnam	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
Asia others	0.2	0.0	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	**1.6**	**0.0**	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**0.0**	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**0.0**
Argentina	0.8	0.0	0.9	0.9	0.9	0.9	0.9	0.0	0.9	0.9	0.9	0.9	0.9	0.1
Brazil	4.2	0.5	4.2	4.1	4.4	4.4	4.3	0.1	4.4	4.4	4.5	4.5	4.5	0.2
Colombia	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
Ecuador	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0	0.5	0.5	0.5	0.5	0.5	0.0
Latin America others	0.7	0.1	0.9	0.9	0.9	0.9	0.9	0.2	0.9	0.9	1.0	1.1	1.0	0.1
Latin America	**7.0**	**0.6**	**7.3**	**7.2**	**7.4**	**7.5**	**7.3**	**0.4**	**7.5**	**7.5**	**7.6**	**7.8**	**7.6**	**0.3**
Qatar	1.9	0.0	1.9	1.9	1.9	1.9	1.9	0.0	1.9	1.9	1.9	1.9	1.9	0.0
Middle East others	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Middle East	**2.0**	**0.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**0.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**0.0**
Angola	1.1	0.0	1.2	1.1	1.1	1.1	1.1	0.0	1.1	1.1	1.1	1.1	1.1	0.0
Chad	0.1	0.0	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	0.6	0.0	0.6	0.6	0.6	0.6	0.6	0.0	0.6	0.6	0.6	0.6	0.6	0.0
Ghana	0.1	0.0	0.2	0.2	0.1	0.2	0.2	0.0	0.2	0.2	0.2	0.2	0.2	0.0
South Africa	0.1	0.0	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 others	0.2	0.0	0.2	0.2	0.2	0.3	0.2	0.1	0.3	0.3	0.3	0.3	0.3	0.1
Africa	**2.2**	**-0.1**	**2.2**	**2.3**	**2.2**	**2.3**	**2.2**	**0.0**	**2.3**	**2.3**	**2.3**	**2.3**	**2.3**	**0.0**
Other Eurasia	**0.4**	**0.0**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.0**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.0**
Other Europe	**0.1**	**0.0**	**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	**18.6**	**0.6**	**19.0**	**18.9**	**19.0**	**19.1**	**19.0**	**0.4**	**19.2**	**19.2**	**19.3**	**19.4**	**19.3**	**0.3**
Non-DoC production	49.3	2.4	50.1	50.4	50.4	50.9	50.5	1.2	51.4	51.1	51.4	52.0	51.5	1.0
Processing gains	2.5	0.1	2.5	2.5	2.5	2.5	2.5	0.0	2.6	2.6	2.6	2.6	2.6	0.1
Non-DoC liquids production	**51.7**	**2.4**	**52.6**	**53.0**	**53.0**	**53.4**	**53.0**	**1.2**	**54.0**	**53.7**	**54.0**	**54.6**	**54.1**	**1.1**
DoC NGLs	**8.2**	**0.3**	**8.4**	**8.3**	**8.3**	**8.3**	**8.3**	**0.1**	**8.4**	**8.4**	**8.3**	**8.4**	**8.4**	**0.0**
Non-DoC liquids production and DoC NGLs	**60.0**	**2.7**	**61.0**	**61.3**	**61.3**	**61.7**	**61.3**	**1.3**	**62.4**	**62.1**	**62.3**	**63.0**	**62.5**	**1.1**

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

Table 11 - 5: World rig count, units

World rig count	2021	2022	2023	*Change 2023/22*	4Q23	1Q24	2Q24	May 24	Jun 24	Change *Jun/May*
US	475	722	688	*-34*	622	623	603	602	589	*-13*
Canada	133	174	177	*3*	180	210	138	120	162	*42*
Mexico	45	47	55	*8*	59	58	50	47	49	*2*
OECD Americas	**654**	**945**	**921**	***-24***	**861**	**893**	**792**	**770**	**802**	***32***
Norway	17	17	17	*0*	18	14	15	16	13	*-3*
UK	8	10	12	*2*	12	8	8	9	8	*-1*
OECD Europe	**58**	**65**	**66**	***1***	**66**	**63**	**66**	**68**	**64**	***-4***
OECD Asia Pacific	**23**	**24**	**25**	***1***	**23**	**24**	**25**	**24**	**25**	***1***
Total OECD	**735**	**1,034**	**1,012**	***-22***	**950**	**979**	**882**	**862**	**891**	***29***
Other Asia*	174	186	204	*18*	206	210	221	216	219	*3*
Latin America	91	119	120	*1*	113	105	107	106	107	*1*
Middle East	57	62	61	*-1*	62	63	62	61	61	*0*
Africa	46	64	67	*3*	68	63	52	53	47	*-6*
Other Europe	9	10	11	*1*	10	9	9	9	9	*0*
Total Non-OECD	**377**	**441**	**463**	***22***	**459**	**450**	**450**	**445**	**443**	***-2***
Non-OPEC rig count	**1,112**	**1,475**	**1,475**	***0***	**1,409**	**1,430**	**1,332**	**1,307**	**1,334**	***27***
Algeria	26	32	36	*4*	43	41	43	42	43	*1*
Congo	0	1	1	*0*	0	2	1	1	1	*0*
Equatorial Guinea**	0	0	0	*0*	0	0	0	0	0	*0*
Gabon	2	3	3	*0*	3	3	4	4	4	*0*
Iran**	117	117	117	*0*	117	117	117	117	117	*0*
Iraq	39	51	61	*10*	62	62	62	62	62	*0*
Kuwait	25	27	24	*-3*	24	27	30	29	32	*3*
Libya	13	7	14	*7*	17	20	18	18	18	*0*
Nigeria	7	10	14	*4*	14	17	17	16	15	*-1*
Saudi Arabia	62	73	83	*10*	84	87	84	85	85	*0*
UAE	42	47	57	*10*	62	62	63	62	65	*3*
Venezuela	6	3	2	*-1*	2	2	3	3	3	*0*
OPEC rig count	**339**	**371**	**412**	***41***	**428**	**439**	**442**	**439**	**445**	***6***
World rig count***	**1,451**	**1,846**	**1,887**	***41***	**1,837**	**1,869**	**1,774**	**1,746**	**1,779**	***33***
of which:										
Oil	1,143	1,463	1,498	*35*	1,464	1,479	1,420	1,398	1,435	*37*
Gas	275	352	357	*5*	333	345	312	309	300	*-9*
Others	33	31	32	*1*	41	45	42	39	44	*5*

*Note: * Other Asia includes India and offshore rigs for China.*
*** Estimated data when Baker Hughes Incorporated did not reported the data.*
**** Data excludes onshore China as well as Russia and other Eurasia.*
Totals may not add up due to independent rounding.
Sources: Baker Hughes and OPEC.

Glossary of Terms

Abbreviations

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

Acronyms

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

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

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

OPEC Basket average price *US$/b*

Down 0.37 in June

June 2024	83.22
May 2024	83.59
Year-to-date	**83.58**

June OPEC crude production *mb/d, according to secondary sources*

Down 0.08 in June

June 2024	26.57
May 2024	26.65

June Non-OPEC DoC crude production *mb/d, according to secondary sources*

Down 0.04 in June

June 2024	14.24
May 2024	14.28

Economic growth rate *per cent*

	World	US	Eurozone	Japan	China	India	Brazil	Russia
2024	2.9	2.2	0.7	0.3	4.9	6.6	1.8	3.1
2025	2.9	1.9	1.2	0.9	4.6	6.3	1.9	1.5

Supply and demand *mb/d*

2024		**24/23**	**2025**		**25/24**
World demand	104.5	2.2	World demand	106.3	1.8
Non-DoC liquids production	53.0	1.2	Non-DoC liquids production	54.1	1.1
DoC NGLs	8.3	0.1	DoC NGLs	8.4	0.0
Difference	**43.1**	**0.9**	**Difference**	**43.9**	**0.7**

OECD commercial stocks *mb*

	Mar 24	**Apr 24**	**May 24**	**May 24/Apr 24**
Crude oil	1,350	1,371	1,366	–5.4
Products	1,406	1,417	1,447	30.1
Total	**2,756**	**2,788**	**2,813**	**24.7**
Days of forward cover	60.1	60.3	60.6	0.3

Next report to be issued on 12 August 2024.