Organization of the Petroleum Exporting Countries

OPEC Monthly Oil Market Report

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Feature article:
The outlook for the oil market in 2024

Organization of the Petroleum Exporting Countries

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Oil Market Highlights

Crude Oil Price Movements

The OPEC Reference Basket (ORB) declined by 63¢, or 0.8%, m-o-m to average $75.19/b in June. The ICE Brent front-month contract fell by 71¢, or 0.9%, m-o-m to $74.98/b, and the NYMEX WTI front-month contract declined by $1.35, or 1.9%, m-o-m to average $70.27/b. The DME Oman front-month contract rose by 13¢, or 0.2%, m-o-m to settle at $74.91/b. The front-month ICE Brent/NYMEX WTI spread widened by 64¢ m-o-m to average $4.71/b in June. The futures forward curves of ICE Brent, NYMEX WTI and DME Oman weakened during the month, and hedge funds and other money managers heavily cut bullish positions in ICE Brent and NYMEX WTI, extending the previous month's selloffs.

World Economy

World economic growth in 2023 remains broadly unchanged at 2.6% and the initial forecast for 2024 economic growth is expected at 2.5%. US economic growth for 2023 is revised up slightly to stand at 1.4%, followed by 0.7% for 2024. Euro-zone economic growth for 2023 is revised down slightly to stand at 0.7%, while growth in 2024 is forecast at 0.8%. Japan’s economic growth for 2023 is revised up slightly to 1.1%, while growth in 2024 is forecast at 1.0%. China’s 2023 economic growth remains at 5.2%, with economic growth forecast in 2024 at 4.8%. India’s economic growth remains at 5.6% in 2023 and is expected to expand by 5.9% in 2024. Brazil’s economic growth in 2023 is revised up to 1.3% and is expected to grow by 1.1% in 2024. Russia’s economic growth in 2023 is revised up to 0.4% and a further recovery is anticipated for 2024 with a growth forecast of 0.8%.

World Oil Demand

World oil demand is expected to grow by 2.4 mb/d in 2023, following an upward revision of about 0.1 mb/d from last month’s assessment, mainly due to higher demand seen in China in 2Q23. OECD Americas is revised up slightly to account for a better-than-expected performance in the US in 2Q23. Similarly, OECD Europe is revised up slightly in 1Q23. In the non-OECD, demand was also revised upward to account for bullish oil demand seen in China in 2Q23 and a slight improvement in Latin America over the same period. For 2024, world oil demand is forecast to grow by a healthy 2.2 mb/d, reaching about 104.25 mb/d. The OECD is anticipated to expand by 0.26 mb/d, with OECD Americas contributing the largest increase. The non-OECD is set to drive growth, increasing by almost 2.0 mb/d, with China, the Middle East and other Asia accounting for the bulk of this growth, with further support from India, Latin America, and Africa.

World Oil Supply

Non-OPEC liquids supply is expected to expand by 1.4 mb/d in 2023, broadly unchanged from the previous month’s assessment. The main drivers of liquids supply growth for 2023 are expected to be the US, Brazil, Norway, Canada, Kazakhstan and Guyana, while the decline is expected mainly in Russia. There remain uncertainties related to US shale oil output potential and unplanned maintenance in 2023. For 2024, non-OPEC liquids production is expected to grow by 1.4 mb/d. The main drivers for liquids supply growth are expected to be the US, Canada, Guyana, Brazil, Norway and Kazakhstan, while the largest declines are expected in Mexico and Azerbaijan. OPEC NGLs and non-conventional liquids are forecast to grow by 50 tb/d in 2023 to an average of 5.44 mb/d and by another 65 tb/d to an average of 5.51 mb/d in 2024. OPEC-13 crude oil production in June increased by 91 tb/d m-o-m to an average 28.19 mb/d, according to available secondary sources.

Product Markets and Refining Operations

Refinery margins rose in June to show solid gains across regions. In the US Gulf Coast (USGC), margins recovered from the previous months’ losses to reach a three-month high. Gains were seen across the barrel, particularly for gasoline, as firm-driving activities supported product markets. In Rotterdam, refining margins were mostly supported by a strong performance at the middle and bottom sections of the barrel, while temporary unplanned outages led to a contraction of product balances in Northwest Europe and this weighed on ARA key product inventories. In Singapore, margin gains were more limited, as the strength in transport fuels was partly offset by negative performance in naphtha and high sulphur fuel oil (HSFO) markets. Global refinery intake in June continued to trend upwards and was 953 tb/d higher m-o-m at 81.9 mb/d, according to preliminary estimates. In the coming months, refinery intakes are expected to continue to be supported by seasonal fuel consumption.

Tanker Market

Dirty freight rates continued to show mixed movement in June. VLCCs partially recovered from the previous month's decline, with Middle East-to-East spot freight rates up 27% m-o-m, amid increased flows to the East. A pickup in Atlantic basin activity and on eastward routes helped to firm sentiment in the larger vessel class, supporting rates. Suezmax rates returned some of the previous month's gains, with rates on the USGC-to-Europe route declining 20%, amid more limited activity. Aframax spot freight rates fell across the board, with rates on the Caribbean-to-US East Coast route dropping back from the very strong levels seen in May, down by 34%. Clean freight rates experienced declines across all reported routes in June, as West of Suez rates softened again and momentum in the East of Suez market dissipated further. Rates on the Middle East-to-East route fell by 16% m-o-m, while rates on the Singapore-to-East route fell 23% m-o-m.

Crude and Refined Products Trade

Preliminary data show US crude imports continued to pick up seasonally in June to average 6.5 mb/d. US crude exports recovered to an average of 4.1 mb/d, a three-month high. The latest data for China shows crude imports rebounding in May to average around 12.1 mb/d. The high level was driven by new capacity coming on-stream and a return of refineries from maintenance. China's product imports increased for the fourth consecutive month, reaching a record high of just under 2.5 mb/d. Gains were driven largely by outflows of LPG and fuel oil. India's crude imports in May declined for the third month in a row, averaging 4.7 mb/d. In contrast, both India's product imports and exports recovered from losses in the previous month m-o-m. Japan's crude imports averaged 2.5 mb/d in May, a drop of 0.4 mb/d, or almost 15%, m-o-m. Japan's product imports fell for the second consecutive month, driven primarily by a decline in naphtha inflows, which offset gains in gasoline and gasoil. Preliminary estimates show OECD Europe crude imports above March levels, amid increased flows to the Netherlands and France, although these were lower than in the same month last year. Product imports into the region are expected to move seasonally higher, supported by inflows to Turkey, remaining close to year-ago levels in May and June.

Commercial Stock Movements

Preliminary May 2023 data sees total OECD commercial oil stocks up m-o-m by 20.2 mb. At 2,815 mb, they were 101 mb lower than the latest five-year average and 140 mb below the 2015–2019 average. Within the components, crude and products stocks rose by 4.1 mb and 16.1 mb, respectively. OECD commercial crude stocks stood at 1,401 mb in May. This was 34 mb below the latest five-year average and 84 mb lower than the 2015–2019 average. Total product inventories stood at 1,414 mb, which was 67 mb lower than the latest five-year average and 56 mb below the 2015–2019 average. In terms of days of forward cover, OECD commercial stocks fell m-o-m by 0.4 days to stand at 60.2 days. This is 3.5 days lower than the latest five-year average and 1.8 days less than the 2015–2019 average.

Balance of Supply and Demand

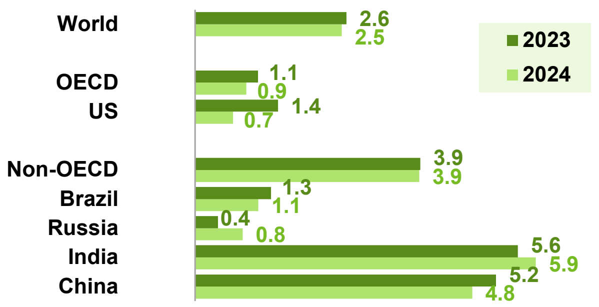
Demand for OPEC crude in 2023 is revised up by 0.1 mb/d from the previous month's assessment to stand at 29.4 mb/d. This is around 1.0 mb/d higher than in 2022. Based on the initial world oil demand and non-OPEC supply forecast for 2024, demand for OPEC crude is expected to reach 30.2 mb/d, 0.8 mb/d higher than the 2023 level.

Feature Article

The outlook for the oil market in 2024

World GDP growth in 2024 is forecast at 2.5%, slightly below this year's expected growth level of 2.6%. Key oil-consuming countries, including China and India, along with some other developing economies in Asia, will continue their healthy growth levels and be responsible for around half of next year's global economic growth. This is under the assumptions that general inflation will continue retraction in 2H23 and 2024. Tight monetary policies are also assumed to continue and key policy rates to peak by the end of 2023. Moreover, central banks are expected to engage in more accommodative monetary policies by 2H24. The services sector is expected to remain the main global economic growth driver for the remainder of 2023, with a normalization of the growth dynamic expected in 2024, when industrial production picks up again. In the OECD, GDP growth is expected at 0.9% in 2024, down from 1.1% in 2023. In the non-OECD, 2024 GDP growth is forecast at 3.9%, the same level as in 2023. Numerous uncertainties remain, to include high inflation, monetary tightening and high global debt levels.

Graph 1: GDP growth forecast, y-o-y changes, %

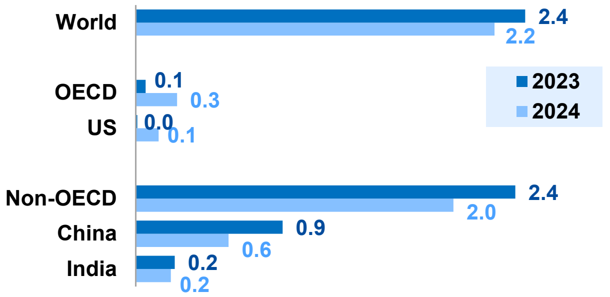


Source: OPEC.

Global oil demand in 2024 is set to grow y-o-y by a healthy 2.2 mb/d, on the back of a continued rebound in Chinese economic activity, and firm growth in other non-OECD countries. Within the regions, OECD oil demand is forecast to rise y-o-y by 0.26 mb/d, while non-OECD oil demand is projected to show a considerable increase of nearly 2.0 mb/d, mostly in China and India, and supported by incremental demand in other regions.

In terms of oil products, transportation fuels – including jet fuel and gasoline – are expected to drive oil demand growth in 2024, with air travel expected to see a further recovery and expansion. Gasoline requirements will continue to see support from steadily rising road mobility in major consuming countries, such as China, India and the US. Both on-road diesel, including trucking, as well as healthy industrial, construction and agricultural activities in non-OECD countries are expected to support diesel demand. Light distillates are projected to be supported by capacity additions, and petrochemical margins in non-OECD countries are expected to remain healthy.

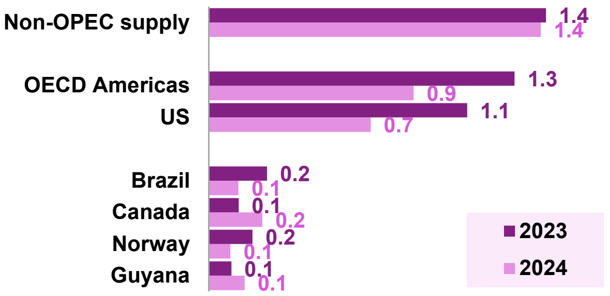
Graph 2: World oil demand growth forecast, y-o-y changes, mb/d



Source: OPEC.

Non-OPEC oil supply is forecast to grow y-o-y by 1.4 mb/d in 2024, supported by healthy demand and upstream investment. Upstream capex investment in non-OPEC countries is expected at around $480 billion, roughly the same level as 2023 and 9% more than in 2022. US liquids production growth in 2024 is forecast at 0.7 mb/d, mainly from Permian crude and non-conventional NGLs, as well as from the Gulf of Mexico. Oil production in Canada, Guyana, Brazil, Norway, Kazakhstan, and Argentina is forecast to increase through new field start-ups, ramp-ups or the optimization of existing projects.

Graph 3: Non-OPEC supply growth forecast, y-o-y changes, mb/d



Source: OPEC.

The continued commitment of the countries participating in the Declaration of Cooperation (DoC) and the successful approach of being precautious, proactive and pre-emptive and the carefully devised production adjustments have added a considerable measure of stability to global oil market, based on which the solid oil market fundamentals seen this year are expected to extend into 2024.

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Crude Oil Price Movements

The OPEC Reference Basket (ORB) price fell in June by 63¢ m-o-m, or 0.8%, to stand at $75.19/b, amid a decline in ORB component-related crude benchmarks, and mixed movement in crude differentials and official selling prices. The decline was seen mainly in sweet grades and Brent-related components, amid the high availability of light sweet crude in the Atlantic Basin.

Crude oil futures prices averaged lower in June, m-o-m, in a volatile market, as selling pressure, including from hedge funds and other money managers, persisted. Sentiment in the market remained dominated by hyped-up worries about the global economy, demand outlooks, and tightening monetary policies in key economies hence remained a drag on prices. However, improving supply/demand outlooks and alleviating investors' worries about the US banking sector and market reactions to the passage of a US debt-ceiling bill in the US House of Representatives curbed selling in crude futures contracts. Crude production adjustments in early June from the OPEC and non-OPEC participating countries of the Declaration of Cooperation (DoC) have largely contributed to improving market stability and provided long-term guidance for the market.

The ICE Brent front-month averaged 71¢, or 0.9%, lower in June to stand at $74.98/b, and the NYMEX WTI fell by $1.35, or 1.9%, to average $70.27/b. However, DME Oman crude oil futures prices increased m-o-m in June by 13¢, or 0.2%, to settle at $74.91/b.

Hedge funds and other money managers continued to further close bullish positions in June after the previous month's heavy selloff, as speculators appeared to bet on lower prices amid a narrative of uncertain economic and oil demand outlooks. Lower oil prices in May and June likely prompted speculators to liquidate more long positions. The selling was concentrated in NYMEX WTI futures and options contracts in June, while speculators kept their positions in ICE Brent a little changed over the same period.

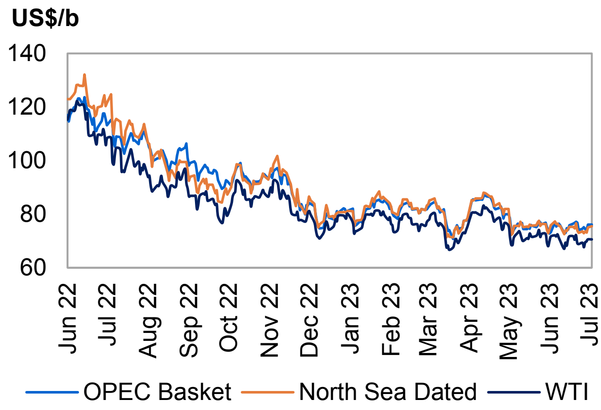
The market structure of all three crude benchmarks ─ ICE Brent, NYMEX WTI and DME Oman ─ weakened in June compared with the previous month, and the nearest time spreads of ICE Brent and NYMEX WTI flipped into contango, signalling investors' perceptions of an oversupplied short-term crude market. Selling pressure was more pronounced in the front-month contracts, which also contributed to weakening the market structure.

The premium of light sweet to medium sour crudes continued to narrow in June in all major regions amid a further weakening of light sweet crude market fundamentals. High supply availability of light sweet crude, specifically from US crude exports, and a drop in naphtha margins weighed on the value of light sweet crude. Meanwhile, the value of the medium and heavy sour crude was buoyed by robust demand for medium sour crude and prospects for a tighter supply of sour in the second half of 2023.

Crude spot prices

Crude spot prices averaged lower in June, extending the previous month's losses. Selling pressure in futures markets amid persistent worries over the rise in interest rates from central banks in key economies and uncertainty about the strength of demand outlook growth, specifically in China, weighed heavily on oil prices. This largely offset positive factors that limited price decline, including signs of healthy demand in the spot market and rising global refinery runs, as well as improving oil supply-demand fundamental outlooks and rising refining margins in all major trading hubs. The decline in prices was more in light sweet benchmarks Brent and WTI, in a sign that the supply of light sweet crude in and around their respective trading hubs was higher than demand.

Graph 1 - 1: Crude oil price movements



Sources: Argus, OPEC and Platts.

A sharp drop in Naphtha crack spreads in Europe added downward pressure on light sweet crudes. High crude supply availability in Northwest Europe, including supply from the US Gulf Coast (USGC), exceeded soft demand, pushing crude differentials and the value of the North Dated benchmark lower.

At Cushing, Oklahoma, the delivery point of WTI futures, crude stocks continued to increase for several weeks to their highest levels since June 2021, although US crude stocks declined in June in other regions, specifically in US PADD3. The Dubai benchmark fell the least among the other benchmarks as prospects for tighter supply in the East Suez market along with firm demand from Asian refiners limited the decline of Dubai. The strength of the sour crude market in Asia was also reflected in the sharp decline of the front-month Brent/Dubai Exchange of Futures for Swaps (EFS), which dropped to a discount for the first time since 2020.

Spot prices declined more than futures prices in a sign that the crude market was better supplied than previously anticipated, specifically for prompt loading volumes. This was reflected in the narrowing of the North Sea Dated-ICE Brent spread, which flipped to a discount in June. On a monthly average, the North Sea Dated-ICE Brent spread fell by 37¢ in June, which settled at a discount of 25¢/b, compared to a premium of 13¢/b in May and $1.53/b in April.

In June, a decline in spot prices was mainly seen in North Sea Dated and WTI's first month, which declined respectively by $1.09 and $1.33, or 1.4% and 1.9%, to settle at $74.73/b and $70.31/b. Dubai's first month fell by 43¢, or 0.6%, to settle at $74.70/b.

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

			Change		*Year-to-date*	
OPEC Reference Basket (ORB)	**May 23**	**Jun 23**	**Jun 23/May 23**	**%**	**2022**	**2023**
ORB	**75.82**	**75.19**	**-0.63**	**-0.8**	**105.37**	**79.32**
Arab Light	77.72	77.18	-0.54	-0.7	106.02	81.17
Basrah Medium	73.32	73.03	-0.29	-0.4	103.80	76.41
Bonny Light	75.63	74.18	-1.45	-1.9	109.29	79.80
Djeno	68.37	67.28	-1.09	-1.6	100.40	72.17
Es Sider	75.32	74.23	-1.09	-1.4	107.89	78.68
Girassol	77.20	76.30	-0.90	-1.2	109.94	80.93
Iran Heavy	76.47	75.33	-1.14	-1.5	105.14	79.58
Kuwait Export	77.42	76.44	-0.98	-1.3	106.20	80.70
Merey	56.22	57.37	1.15	2.0	81.39	59.35
Murban	75.66	75.52	-0.14	-0.2	104.32	79.92
Rabi Light	75.36	74.27	-1.09	-1.4	107.39	79.16
Sahara Blend	76.42	75.23	-1.19	-1.6	111.05	80.64
Zafiro	76.82	75.28	-1.54	-2.0	109.69	79.93
Other Crudes						
North Sea Dated	75.82	74.73	-1.09	-1.4	107.85	79.62
Dubai	75.13	74.70	-0.43	-0.6	101.93	78.88
Isthmus	65.78	66.31	0.53	0.8	100.24	67.66
LLS	73.73	72.63	-1.10	-1.5	103.80	77.26
Mars	71.09	70.67	-0.42	-0.6	99.23	73.69
Minas	73.72	72.58	-1.14	-1.5	102.82	77.77
Urals	55.22	56.64	1.42	2.6	86.65	54.17
WTI	71.64	70.31	-1.33	-1.9	101.91	74.76
Differentials						
North Sea Dated/WTI	4.18	4.42	0.24	-	5.94	4.86
North Sea Dated/LLS	2.09	2.10	0.01	-	4.05	2.37
North Sea Dated/Dubai	0.69	0.03	-0.66	-	5.92	0.74

Sources: Argus, Direct Communication, OPEC and Platts.

Crude oil differentials mostly strengthened in June m-o-m amid healthy demand in the spot crude market and higher refining margins, although the market was well-supplied amid higher crude exports from some producers, including sustained high US crude exports.

The value of **crude differentials in the Atlantic Basin** strengthened in June on higher demand for July loading cargoes. Opening west-to-east arbitrage economics was reflected in a sharp narrowing of the Brent-Dubai spread, raising demand for Brent-related crudes.

West African crude differentials rose on firm demand from Asian refiners, including Chinese refiners, as a narrower Brent-Dubai spread made Brent-related grades like West African crudes more competitive in the East Suez market. Stronger gasoline and diesel margins also buoyed the value of light and medium crudes.

However, the supply availability of WTI Midland in Europe limited the rise of West African crude differentials. Bonny Light, Forcados and Qua Iboe crude differentials to North Sea Dated increased in June respectively by 26¢, 75¢ and 65¢ m-o-m on average to stand at premiums of 64¢/b, $1.41/b and $1.08/b. However, the crude differential of Cabinda eased m-o-m by 72¢ to a premium of $1.22/b amid higher competition from similar grades from Latin America and Eastern Europe.

In the **Caspian and Mediterranean regions**, crude differentials also rose on firm demand, although a sharp drop in naphtha cracks weighed on the value of naphtha-rich grades, like Saharan Blend and CPC Blend. Azeri Light and CPC Blend differentials rose m-o-m, increasing by 16¢ and 45¢, to average at a premium of $3.38/b and a discount of $2.22/b to North Sea Dated. Saharan Blend crude differentials rose by 45¢ m-o-m to stand at a discount of 18¢/b.

North Sea crude differentials mostly weakened in June, with the Forties dropping temporarily to a discount against North Sea Dated. Weaker naphtha margins and high supply into Europe from the USGC, West Africa and other regions put downward pressure on the value of North Sea crude differentials. Forties and Ekofisk crude differentials fell on a monthly average in June by 8¢ and 52¢, respectively, to settle at premiums of 15¢/b and $1.48/b. However, crude differentials of sour crude Johan Sverdrup strengthened on average by 19¢ to settle at a premium of 54¢/b amid a tighter global sour market.

In the **USGC**, **crude differentials** increased in June on higher demand from US refiners as refinery inputs rose and a weaker WTI benchmark against other benchmarks like Brent and Dubai made WTI-related crude more attractive for exports. Sour crude rose the most on a tighter sour market, higher fuel oil margins in the USGC and prospects for higher demand after the US administration said it would buy sour crude to refill SPR inventories for August delivery. Light Louisiana Sweet (LLS) rose by 25¢ last month on a monthly basis to stand at a premium of $2.34/b to the WTI benchmark, while Mars sour crude differentials increased by 93¢ to an average premium of 38¢/b.

In the **Middle East**, demand from Asian refiners and higher fuel oil margins, specifically high-sulphur fuel oil (HSFO), supported the value of spot prices. The value of Oman crude differentials to Dubai rose by 9¢ m-o-m in June to a premium of $1.00/b.

OPEC Reference Basket (ORB)

The **ORB value** declined in June, falling by 63¢ m-o-m, or 0.8%, to stand at $75.19/b, amid a decline in ORB component-related crude benchmarks and mixed movements in crude differentials and official selling prices. The decline was seen mainly in sweet grades and Brent-related components amid the high availability of light sweet crude in the Atlantic Basin. Compared with the previous year, the ORB was down by $26.05, or 24.7%, from $105.37/b in 2022 to an average of $79.32/b so far this year.

All **ORB component values** fell in June. West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend and Zafiro – declined by $1.19, or 1.6%, m-o-m on average to $73.82/b. Multiple region destination grades – Arab Light, Basrah Light, Iran Heavy and Kuwait Export – decreased m-o-m by 74¢, or 1.0%, on average, to settle at $75.50/b. Murban crude fell m-o-m by 14¢, or 0.2% on average, to settle at $75.52/b. However, the Merey component rose m-o-m by $1.15, or 2.0%, on average, to settle at $57.37/b.

The oil futures market

Crude oil futures prices averaged lower in June m-o-m in a volatile market as selling pressure, including from hedge funds and other money managers, persisted. Sentiment in the market remained dominated by hyped-up worries about the global economy and demand outlooks in major economies, including the US, Europe and China. Tightening monetary policies in key economies also remained a drag on futures prices. Oil prices came under pressure after the Bank of England announced a bigger-than-expected interest rate hike, which was preceded by interest rate increases from the European Central Bank (ECB), while investors weighed possible interest rate hikes from the US Federal Reserve.

Data from the National Bureau of Statistics (NBS) showed slower-than-anticipated Chinese industrial output in May, which grew by 3.5% y-o-y. Additionally, data from China's Customs Bureau showed subdued trade data, along with the release of S&P Global US PMI data, which indicated a slowdown in the country’s manufacturing sector, further dampening market sentiment.

This largely offset news on stimulus measures from China's central bank and data showing US inflation slowed in May. A large downward revision in oil prices forecast from investment banks for this year added downward pressure on futures prices.

However, positive signs from the physical market and an improving supply/demand outlook curbed selling in crude futures contracts. Alleviating investors' worries about the US banking sector and market reactions to the passage of a US debt-ceiling bill in the US House of Representatives helped to limit selling in commodity markets compared to the May selloff. Crude production adjustments in early June from the OPEC and non-OPEC participating countries of the DoC have largely contributed to improving market stability and providing long-term guidance to the market.

China's awarding of refiners with a fresh batch of import quotas along with higher refinery throughput in May helped improve refining margins and supported oil futures prices, specifically Middle East crude benchmarks. A larger-than-expected drop in US crude stocks between the weeks of 9 and 23 June by about 13 mb, according to EIA weekly data, also boosted prices, although the same data source showed a build in US gasoline stocks during the same period.

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

Crude oil futures	May 23	Jun 23	Change Jun 23/May 23	%	Year-to-date 2022	2023
NYMEX WTI	71.62	70.27	-1.35	-1.9	101.77	74.77
ICE Brent	75.69	74.98	-0.71	-0.9	104.94	79.91
DME Oman	74.78	74.91	0.13	0.2	102.02	78.85
Spread						
ICE Brent-NYMEX WTI	4.07	4.71	0.64	15.6	3.17	5.14

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

The ICE Brent front-month averaged 71¢, or 0.9%, lower in June to stand at $74.98/b, and the NYMEX WTI fell by $1.35, or 1.9%, to average $70.27/b. Y-t-d, ICE Brent was $25.03, or 23.9%, lower at $79.91/b, while NYMEX WTI was lower by $27.00, or 26.5%, at $74.77/b, compared with the same period a year earlier. However, DME Oman crude oil futures prices increased m-o-m in June by 13¢, or 0.2%, to settle at $74.91/b. Y-t-d, DME Oman was lower by $23.17, or 22.7%, at $78.85/b.

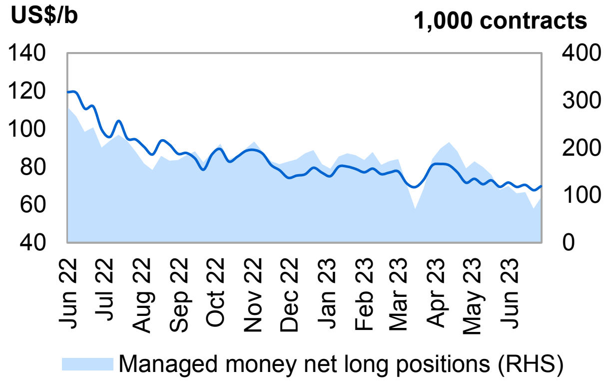
The **front-month ICE Brent/NYMEX WTI spread** widened again in June, adding to the rise in May, as the value of WTI futures fell more than ICE Brent. NYMEX WTI front month price was under more pressure from concerns about the US economic outlook and further increases in US crude stocks at Cushing for several weeks, rising by more than 4 mb in June, to its highest since June 2021, according to EIA weekly data. In the meantime, the decline in Brent futures was limited amid an improving supply/demand outlook in 2H23. The ICE Brent/NYMEX WTI spread widened m-o-m by an average of 64¢ in June to settle at $4.71/b. However, the North Sea Dated premium to WTI Houston narrowed in June, falling by 35¢ on a monthly average to stand at a premium of $2.87/b, as North Sea crudes in Northwest Europe weakened compared to the previous month on softer demand in Northwest Europe and sufficient supply availability for July loadings. Meanwhile, demand from US refiners and sustained US crude exports in June lent support to WTI Houston, contributing to narrowing the North Sea Dated-WTI Houston spread.

Hedge funds and other money managers continued to further close bullish positions in June after the previous month's heavy selloff, as speculators appeared to bet on lower prices amid a market narrative of an uncertain economic and oil demand outlook. Lower oil prices in May and June likely prompted speculators to liquidate more long positions. Money managers reduced total futures and options net-long positions in ICE Brent and NYMEX WTI by nearly 15% and were net sellers of about 40 mb in the week of 27 June compared to the week of 30 May. The selling was concentrated in NYMEX WTI futures and options contracts, while speculators kept their positions in ICE Brent little changed over the period.

NYMEX WTI futures and options net long positions declined by 39,795, or 35.7%, between the weeks of 27 June and 30 May, according to the US Commodity Futures Trading Commission (CFTC). During the same period, gross short positions rose by 37,552 lots, or 38.2%, to 135,760 contracts, its highest since October 2017, while gross long positions declined by 2,243 lots, or 1.1%, to 207,303 contracts.

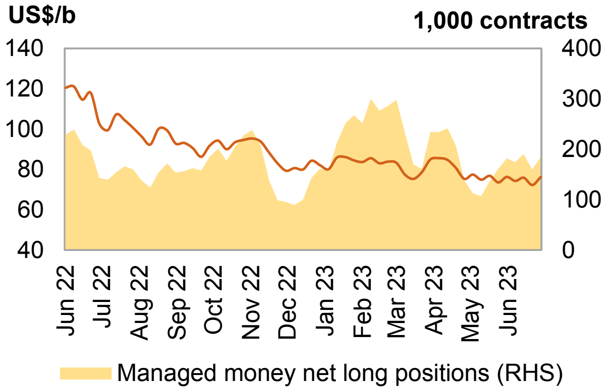
Money managers reduced combined futures and options net long positions related to **ICE Brent** by 500 contracts, or 0.3%, to stand at 159,800 lots in the week to 27 June, according to the ICE Exchange. This is a combination of a cut in long positions and an increase in short positions. In the week ending 27 June, gross short positions rose by 1,175 lots, or 1.8%, compared to the week of 30 May to stand at 67,833 contracts, while gross long positions declined by 675 lots, or 0.3% lower, to 227,633 contracts during the same period.

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



Sources: CFTC, CME and OPEC.

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



Sources: ICE and OPEC.

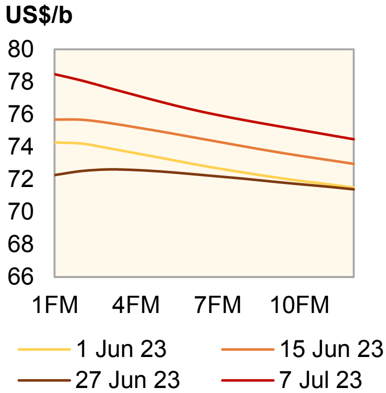
The **long-to-short ratio of speculative positions** in the NYMEX WTI contract stood at 2:1 in the week of 27 June, unchanged from the level in the week of 30 May. The ICE Brent long-to-short ratio also remained unchanged at 3:1 in the week of 27 June, compared to the week of 30 May, after rising to 5:1 in the week of 20 June.

Total futures and options open interest volumes on the two exchanges declined in June, falling by 1.8%, or 94,028 contracts, to stand at 5.1 million contracts in the week ending 27 June.

The futures market structure

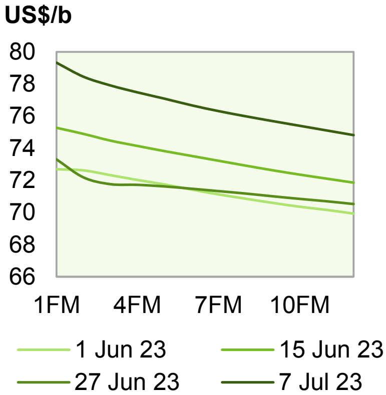
The **market structure** of all three crude benchmarks ─ ICE Brent, NYMEX WTI and DME Oman ─ weakened in June compared with the previous month, and the nearest time spreads of ICE Brent and NYMEX WTI flipped into contango, signalling investors' perceptions of an oversupplied short-term crude market. Selling pressure was more pronounced in the front-month contracts, which also contributed to weakening the market structure. Signs of a well-supplied physical crude market and rising unsold volumes in Northwest Europe pressured prompt-month contracts downward. Meanwhile, worries about the global economy and demand outlook amid monetary policy tightening dampened market sentiment.

Graph 1 - 4: ICE Brent forward curves



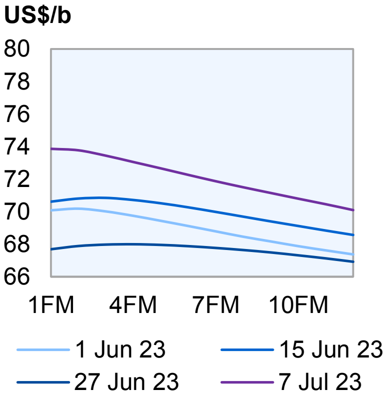
Sources: ICE and OPEC.

Graph 1 - 5: DME Oman forward curves



Sources: DME and OPEC.

Graph 1 - 6: NYMEX WTI forward curves



Sources: CME and OPEC.

The **ICE Brent** crude futures structure weakened in June, with the ICE Brent M1-M2 spread declining by 16¢, flipping from a backwardation of 14¢/b in May to a contango of 2¢/b on average in June. High crude supply availability in Northwest Europe was boosted by the arrival of WTI Midland from the USGC amid tepid demand from European refiners and a sharp decline in naphtha margins, which weighed on the value of light sweet benchmark Brent. The ICE Brent M1-M3 spread narrowed last month by 25¢ but remained at a backwardation of 17¢/b. Opening west-to-east arbitrages alleviated pressure on Brent and limited the expansion of the contango. ICE Brent's M1-M6 spread also weakened but stayed at a backwardation of $1.01/b on average in June, falling by 47¢ m-o-m from a backwardation of $1.48/b in May.

In the US, the **NYMEX WTI** first-to-third month spread flipped into contango last month. Worries about the US economic and demand outlook, and rising crude stocks in the first half of June, including at Cushing, weighed on the value of WTI's first-month contract. The NYMEX WTI M1-M3 spread slipped into a contango of 11¢/b on average in June, compared with a backwardation of 19¢/b in May, a decline of 30¢.

DME Oman structures weakened the least, as the sour crude market, including in East Suez, was supported by firm demand and prospects for tighter supply. A surge of high-sulphur fuel margins added support to sour crude, compared to lighter grades. The DME Oman M1-M3 backwardation contracted slightly m-o-m in June, narrowing by 3¢ to 57¢/b on average from a backwardation of 60¢/b in May.

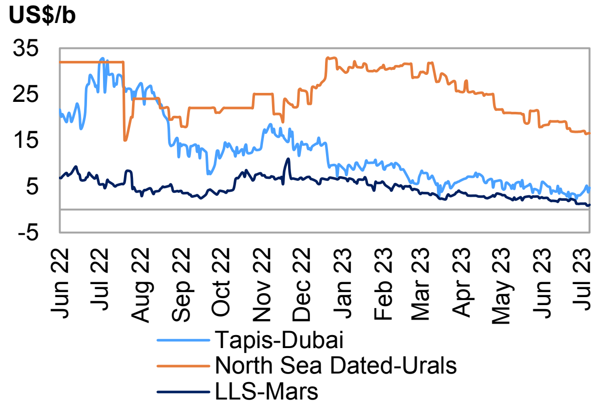
Regarding the **M1/M3 structure**, the North Sea Brent M1/M3 spread declined in June on a monthly average by 31¢ to a backwardation of 2¢/b, compared with a backwardation of 29¢/b in May. In the US, the WTI M1/M3 backwardation narrowed by 29¢ to a contango of 16¢/b, compared with a backwardation of 13¢/b in May. However, the Dubai M1/M3 backwardation remained strong, reflecting a solid sour crude market. The Dubai M1/M3 spread fell on average in June by 8¢ to a backwardation of $1.00/b.

Crude spreads

The **premium of light sweet to medium sour crudes** continued to narrow in June for several consecutive months in all major regions amid a further weakening of light sweet crude market fundamentals. High supply availability of light sweet crude, specifically from US crude exports, and a drop in naphtha margins in Europe and the Asia Pacific weighed on the value of light sweet crude. Meanwhile, the value of the medium and heavy sour crudes performed better than light sweet crudes amid robust demand for medium sour crude and prospects for a tighter supply of sour in the second half of 2023. A further narrowing of the spread between light/medium distillates and heavy distillate product margins, such as the diesel/gasoil-HSFO spread also helped in narrowing the spread between sweet and sour crude. Stronger HSFO margins that have risen for several months added support to heavy sour crudes.

In **Europe**, the sour market continued to strengthen compared to the light sweet market, as a tight supply of sour crude and lower availability of high sulphur fuel oil along with higher fuel oil margins supported the value of sour crude. The crack spread of high sulphur fuel oil against Brent in Northwest Europe rose nearly $7/b m-o-m to its narrowest monthly discount since January 2021. Meanwhile, the high supply availability of light sweet crude in Northwest Europe, including from the USGC markets, amid soft European demand weighed on the value of light sweet crude. This is in addition to a sharp decline in naphtha margins in Northwest Europe, which fell by about $3/b m-o-m in June. The spread between the Urals in the Mediterranean crude and the North Sea Dated rose by $2.51 m-o-m to a discount of $18.09/b in June.

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



Sources: Argus, OPEC and Platts.

Urals crude differentials to the North Sea Dated in Northwest Europe also narrowed by $3.01 m-o-m to stand at a discount of $20.47/b. The value of light sweet Ekofisk crude against Johan Sverdrup narrowed by 71¢/b to stand at 94¢/b on average in June, due to a rise in the value of Johan Sverdrup.

In **Asia**, the Tapis/Dubai spread fell in June as the Brent/Dubai spread narrowed significantly, making the west-to-east arbitrage more favourable for Brent-linked crude, which sharply reduced the premium of local sweet crude in the East of Suez market such as Tapis. The Brent/Dubai Exchange of Futures for Swaps (EFS) spread fell to a discount of 7¢/b, for the first time since 2020. On a monthly average, the Brent/Dubai EFS spread narrowed by 80¢/b in June m-o-m to stand at $1.11/b. Meanwhile, the medium sour Middle East crudes remained supported by robust demand in the spot market from Asian buyers and higher refining margins. The light sweet Tapis premium over medium sour Dubai declined by $1.04 to stand at $3.85/b.

In the **USGC**, the LLS premium over medium sour Mars also narrowed in June by 67¢/b m-o-m to $1.96/b. The sour crude market on the USGC coast was supported by higher demand from domestic refiners in the USGC, a sharp rise of high sulphur fuel oil by nearly $5/b m-o-m, and prospects for tighter sour crude markets in other regions.

Commodity Markets

Selected commodity price indices declined across the board for the second consecutive month. Movement of prices within the energy and base metal indices was mixed m-o-m, but remained skewed towards the downside as indicated by the m-o-m declines. For the precious metal index, all prices fell m-o-m.

In the futures markets, sentiment was largely bearish in June. Money managers' net length decreased for the second consecutive month, and total open interest decreased after five consecutive months of increases.

Some selected commodity prices received support from market fundamentals amid seasonal demand increases. However, global macroeconomic headwinds, exacerbated by the ongoing monetary tightening cycles from major central banks, continued to cloud the demand outlook for commodities.

Trends in selected commodity markets

The **energy price index** declined for the second consecutive month in June, falling by 1.8% m-o-m. The decline was driven by another m-o-m sharp decline in coal prices and followed by a decline in average crude oil prices, which were partially offset by a rise in both Europe and US natural gas prices. Y-o-y, the index was down by 44.2%.

The **non-energy index** receded for the second consecutive month, declining by 1.9% m-o-m in June. Agricultural prices experienced volatilities earlier in the month amid ongoing geopolitical developments in Eastern Europe. Following news that the Black Sea safe corridor agreement would remain intact, volatilities eased and prices receded. Improvement in the crop outlook in Latin-America also weighed on agricultural prices. The index was down y-o-y by 16.4%.

Table 2 - 1: Commodity prices

Commodity	Unit	*Monthly averages*			*% Change*	*Year-to-date*	
		Apr 23	May 23	Jun 23	Jun 23/May 23	2022	2023
Energy*	Index	**109.3**	**96.9**	**95.2**	**-1.8**	**151.9**	**105.8**
Coal, Australia	US$/mt	194.3	160.5	139.4	-13.1	297.9	201.1
Crude oil, average	US$/b	82.5	74.1	73.3	-1.2	103.4	77.8
Natural gas, US	US$/mbtu	2.2	2.1	2.2	1.7	6.0	2.4
Natural gas, Europe	US$/mbtu	13.5	10.1	10.4	2.4	32.1	14.1
Non-energy*	Index	**116.0**	**111.6**	**109.5**	**-1.9**	**133.1**	**114.4**
Base metal*	Index	**113.6**	**107.1**	**106.7**	**-0.4**	**136.6**	**113.2**
Precious metals*	Index	**152.7**	**151.5**	**147.4**	**-2.7**	**143.0**	**146.8**

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

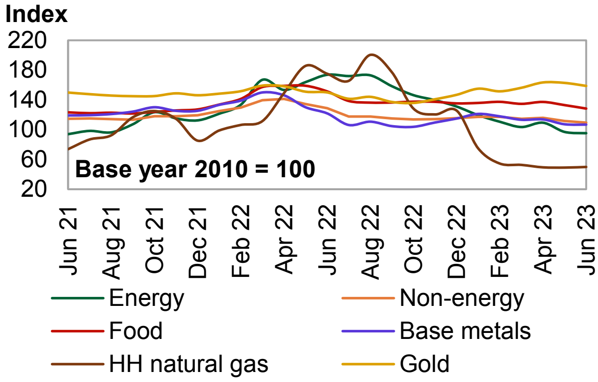
Average **crude oil** prices fell for the second consecutive month in June, declining by 1.2% m-o-m. Prices remained under pressure by uncertainties over the global macroeconomic outlook; however, m-o-m, prices fluctuated little, as the downward pressures from global macroeconomic headwinds were partially offset by strong market fundamentals. Y-o-y, prices were down by 37.3%.

Henry Hub's natural gas prices rebounded in June after five consecutive months of decline. Prices rose by 1.7% m-o-m supported by seasonal demand increase. Prices were also underpinned by the ongoing reduction in US shale gas rigs, and a rise in speculation activity in the futures markets as traders flipped large amounts of short positions into long ones. Prices were down by 71.5% y-o-y.

Natural gas prices in Europe rose after five consecutive months of decline. The average Title Transfer Facility (TTF) price went from $10.1/mmbtu in May to $10.4/mmbtu in June, a 2.4% increase m-o-m. TTF prices rose on the back of increased demand amid a heat wave across the region. Moreover, the combination of the permanent shutdown of one of Europe's biggest gas fields in the Netherlands and plant maintenance outages in Norway rose prospects of tighter supplies, therefore adding upward pressure on prices. Prices were down y-o-y by 69.2%.

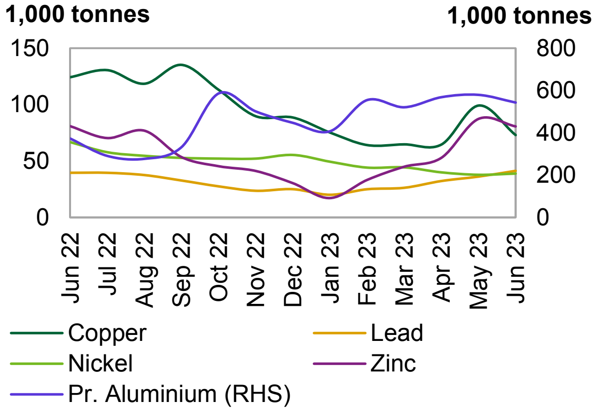
Australian thermal coal prices continued to decline sharply, falling by 13.1% m-o-m in June. Prices remained under pressure by increase coal output in China and lower imports. Outside of China, prices were further pressured by EU's declining demand. The EU increased its exports of unused coal in June as concerns over energy shortages have eased. Y-o-y, prices were down by 62.4%.

Graph 2 - 1: Major commodity price indices



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

Graph 2 - 2: Inventories at the LME



Sources: LME, Thomson Reuters and OPEC.

The **base metal index** fell for the second consecutive month, declining marginally by 0.4% m-o-m. Movement of the index was largely unchanged m-o-m because of the mixed movements within its components. The decline of aluminum, nickel and zinc prices was partially offset by a rebound in copper, lead and iron ore prices. The mixed movement of metals prices underscores the mixed sentiment across industrial activity, which is exacerbated by global macroeconomic uncertainties. China's Manufacturing PMI fell to 50.5 in June from 50.9 in May but was above market consensus of 50.2. Outside of China, the global manufacturing PMI fell in June to 48.8 form a 49.6 in May, a six-month low. The index was down by 12.4% y-o-y.

Aluminum prices declined for the second consecutive month in June. Prices fell by 3.7% m-o-m as increased output and softer demand in China continued to weigh on prices. Outside of China, the London Metal Exchange (LME) warehouses reported a 45.5% increase in inventories y-o-y. Prices were down by 14.8% y-o-y.

Average monthly **copper prices** rebounded in June after four consecutive months of decline. Prices rose by 2.2% m-o-m underpinned by tighter supplies. According to the LME, inventories were down by 26.4% m-o-m and by 41.3% y-o-y. Prices were down by 7.0% y-o-y.

Lead prices advanced in June, increasing by 1.9% m-o-m. Prices received support from the combination of m-o-m increase in electrical vehicle (EV) sales in June and China's fiscal support to the EV industry in the form of tax exemptions. Prices were up by 2.7% y-o-y.

Both **nickel and zinc prices** declined m-o-m in June. Nickel prices fell for the second consecutive month, declining by 3.4% m-o-m, while zinc prices fell for the fifth consecutive month, declining by 4.0% m-o-m over the same period. Meanwhile, iron ore prices rebounded in June after two consecutive month of decline, increasing by 7.9% m-o-m. Nickel and zinc prices fell on signs of oversupply and sluggish demand in China, while iron ore prices were underpinned by expectations of stimulus support to the construction sector by the government of China. Y-o-y, nickel prices were down by 17.2% while those for zinc were down by 34.6%.

The **precious metals index** experienced a consecutive monthly decline in June, falling by 2.7% m-o-m. All the index components fell m-o-m; gold, silver, and platinum prices fell by 2.5%, 3.5%, and 8.7% respectively m-o-m. Precious metal prices remained pressured by a stronger US dollar amid expectations of interest rate hikes by the US Federal Reserve. Y-o-y, the index continued to trend upwards, up by 6.1%; gold was also up by 5.8%, silver by 8.6% and platinum by 1.5% over the same period.

Investment flows into commodities

Total **money managers' net length** decreased for the second consecutive month in June, decreasing by 29.3% m-o-m. Copper led the decline in net length, followed by crude oil, gold and natural gas.

Total open interest (OI) also decreased in June after six consecutive months of increases, falling by 4.8% m-o-m. Gold led the decline in open interest, followed by crude oil and natural gas, which were partially offset by a slight increase in copper.

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

Selected commodity	*Open interest*		*Net length*			
	May 23	Jun 23	May 23	% OI	Jun 23	% OI
Crude oil	2,397	2,348	147	6	100	4
Natural gas	1,368	1,331	-44	-3	-44	-3
Gold	731	614	126	17	97	16
Copper	235	230	-20	-8	10	4

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

Sources: CFTC and OPEC.

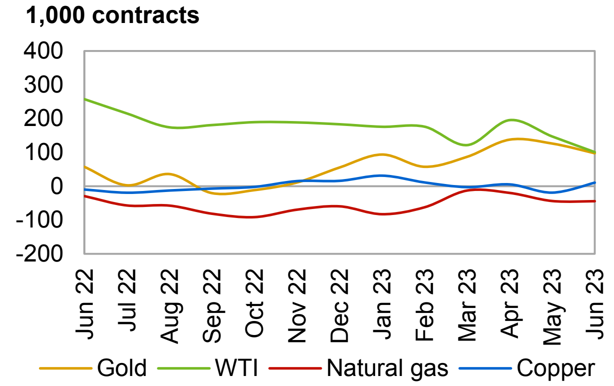
Total **crude oil (WTI) OI** decreased in June after five consecutive months of increases, falling by 2.4% m-o-m. Meanwhile, money managers' net length decreased sharply for second consecutive month, falling by 36.8% over the same period. Macroeconomic headwinds remained a drag on money managers' sentiment in June.

Total **Henry Hub natural gas OI** fell in June after eight consecutive months of increases, decreasing by 2.2% m-o-m. Meanwhile, money managers increased their net length by 3.8% over the same period. The increase in net length continued to be driven mainly by a reduction in short positions. Sentiment remained bearish as the ratio of short positions over long positions remained high.

Gold's OI decreased in June after three consecutive months of increases, falling sharply by 18.9% m-o-m. Money managers also reduced their net length sharply by 28.6% m-o-m over the same period. Expectations of interest rates hikes continued to weigh on money managers' sentiment towards gold.

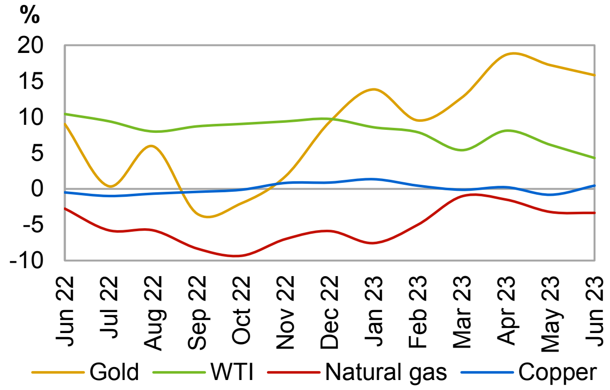
Copper's OI rose slightly after three consecutive months of declines, increasing by 0.8% m-o-m in June. Money managers also increased their net length in June by 156.4% m-o-m. Tighter supplies buoyed money manager sentiment towards copper.

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 has been better-than-expected in the US, Japan, Brazil and Russia in the first half of this year. The trend of relatively higher growth in China and India appears well supported. However, economic growth declined in the Euro-zone, influenced by a contraction in the German economy. These and other mainly offsetting effects have left the 2023 global GDP growth forecast unchanged at 2.6%.

World economic growth in 2024 is forecast at 2.5%. The OECD economies are forecast to grow by 0.9%. In the non-OECD economies, Brazil and Russia are forecast to grow at 1.1% and 0.8% respectively. However, China and India are forecast to see growth at a substantially higher level of 4.8% and 5.9%, respectively. Therefore these two major Asian economies, together with the dynamic Asian-Pacific economies are forecast to contribute around 50% of global growth level in 2024.

Several uncertainties regarding economic growth in 2H23 and 2024 require cautious monitoring. This includes high inflation, further monetary tightening, particularly in the US, the Euro-zone and the UK, tight labour markets in advanced economies, and higher sovereign debt levels.

Upside potential may come from less accentuated inflation, providing central banks with room for accommodative monetary policies towards the end of the year and 1H24. Emerging Asia, particularly India, as well as Brazil and Russia could further surprise to the upside, with domestic demand and external trade accelerating. An even stronger-than-anticipated rebound in China after the reopening of its economy may provide additional support to global economic growth this year. Moreover, if the US continues to keep its 1H23 momentum, growth could turn out higher than expected as well.

Table 3 - 1: Economic growth rate and revision, 2023–2024*, %

	World	OECD	US	Euro-zone	UK	Japan	China	India	Brazil	Russia
2023	**2.6**	**1.1**	**1.4**	**0.7**	**0.0**	**1.1**	**5.2**	**5.6**	**1.3**	**0.4**
Change from previous month	0.0	0.0	0.1	-0.1	0.0	0.1	0.0	0.0	0.3	0.9
2024	**2.5**	**0.9**	**0.7**	**0.8**	**0.7**	**1.0**	**4.8**	**5.9**	**1.1**	**0.8**

*Note: * 2023 and 2024 = Forecast. The GDP numbers have been adjusted to reflect 2017 ppp.*

Source: OPEC.

Update on the latest global developments

Output levels in 1H23 have been largely better than expected, except in the Euro-zone – mainly impacted by a 1Q23 decline in Germany – and in some major African economies. Growth in China and India continues to be well supported and numerous Asian-Pacific economies have surprised to the upside. Private household consumption has remained steady in most major economies, despite the high inflation and interest rate levels. The major topics that have shaped global economic development in the past month have remained the same. Inflation is at an ongoing high level. Despite decelerating, monetary tightening by major central banks has continued. The services sector has continued to provide the main support to the global growth dynamic, while the industrial sector remains to be in deceleration, or even decline, in most economies.

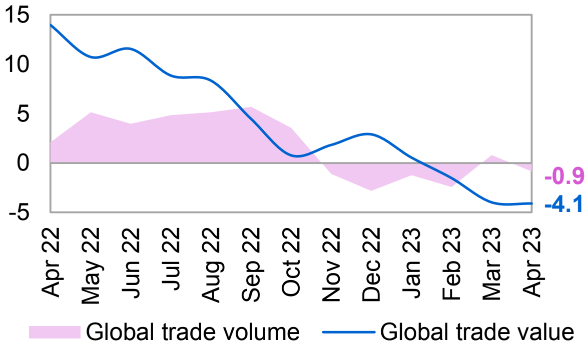
Inflation has continued to retract in most advanced economies, according to the latest available data. In the US, inflation stood at 4% y-o-y in May, the lowest level since mid-2021 and compared with 4.9% in April. Euro-zone inflation stood at 5.5% in June, the latest available month, marking the lowest level since March 2022 and compared with 6.1% in May. Continued high inflation remains a concern for both the US Federal Reserve (US Fed) and the European Central Bank (ECB), which may lead the central banks to continue tight monetary policies, particularly as core inflation remains high. Additionally, the Bank of England (BoE) has continued its monetary tightening efforts most recently and hiking interest rates by 25 bp.

Industrial Production (IP) has gradually recovered, while the services sector support in some key economies has started gradually decelerating going into 2H23. The again rising support in the industrial sector has come primarily from emerging and developing economies. IP in emerging and developing economies expanded by 3.6% y-o-y in April, while in advanced economies IP declined by 0.8% y-o-y. This development has also been very visible in the manufacturing PMI indicators of recent months. The housing sector along with consumption held up surprisingly well in most key economies.

After a strong pandemic-driven recovery, **global trade** has continued its normalising trend, declining both in volume and value terms. Global trade in value terms declined by 4.1% y-o-y in April, after a decline of 4% y-o-y in March, based on the CPB World Trade Monitor Index provided by the CPB Netherlands Bureau for Economic Policy Analysis. The decline of global commodity prices in both 1Q23 and 2Q23 played an influential role in this development. Commodity prices fell by 26.9% y-o-y in 1Q23 and by 12.7% y-o-y in 2Q23, based on the Standard and Poor's Goldman Sachs Commodity Index.

Trade in volume terms fell by 0.9% y-o-y in April, after it rose by 0.8% y-o-y in March.

Graph 3 - 1: Global trade



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

Near-term global expectations

While the US is forecast to see a relatively accentuated deceleration in 2H23, along with Japan, China is forecast to appreciate its GDP growth dynamic slightly, along with Russia. India and Brazil are forecast to keep their steady growth levels from 1H23, but at a slightly lower level. The Euro-zone is forecast to recover somewhat in 2H23, from low 1H23 GDP growth. In general, the short-term global growth outlook will depend largely on inflation trends and the inflation expectations of central banks as well as resulting monetary policies in key economies, particularly the US and the Euro-zone.

Inflation has decreased in the past few months, but remains high, particularly in the advanced economies, and core inflation is forecast to remain sticky. This is forecast to lead key central banks to continue tightening their monetary policies in 2023, especially in the Euro-zone, the UK and the US. Central banks in emerging economies enjoy more room for an accommodative policy towards the end of the year given that inflation has retracted to more reasonable levels in Brazil, India, and Russia and is at very low levels in China

Similarly, the inflationary development and the consequent monetary policies will influence the **2024 growth dynamic**. General inflation is forecast to retract in 2H23 and further in 2024, supported by lower energy and food prices and other temporary effects. However core inflation remains sticky in major economies with only a gradual slowdown in 2024. This leads to the near-term assumption that tight monetary policies will continue with minor interest rate hikes in 2H23 by the ECB, and also by the Fed and key policy rates are assumed to peak by the end of 2023 and 1H24. The balance sheets of G4 central banks will be lowered only gradually into 2024 and the central banks may engage a more accommodative monetary policy only by 2H24. Importantly, it is anticipated in the forecast that there will be no escalation of the Eastern-European conflict.

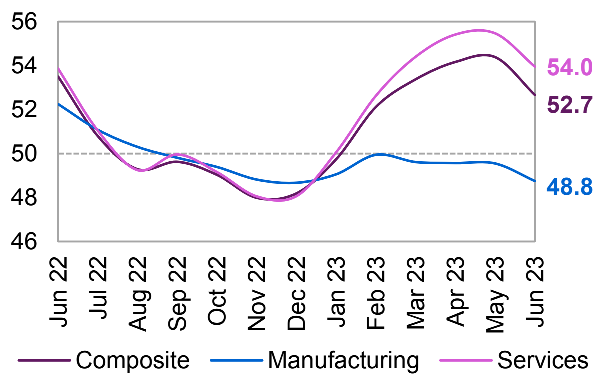
The **services sector** is anticipated to remain the main driving force in global economic growth towards the end of 2023 with a normalization to materialise in the sector's dynamic in 2024, when industrial production will again become more relevant.

Global purchasing managers' indices (PMIs) in June reflect some decelerating trends in the services sector and an ongoing challenging situation in manufacturing.

The global **manufacturing PMI** retracted to stand at 48.8 in June, compared with 49.6 in May, remaining in contractionary territory since September last year.

The **global services sector PMI** fell to 54 in June, compared with a level of 55.5 in May.

Graph 3 - 2: Global PMI



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

The **global growth forecast for 2023** remains unchanged at 2.6%. However, growth patterns remain very diverse in the various economies and the global growth dynamic will materially depend on inflation expectations and interest rate developments.

For **2024**, global economic growth is forecast at 2.5%. The main contributing economies will be China, India and Asian Pacific developing and emerging economies, contributing around 50% of growth level in 2024.

Table 3 - 2: World economic growth rate and revision, 2023–2024*, %

	World
2023	**2.6**
Change from previous month	0.0
2024	**2.5**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

OECD

OECD Americas

US

Update on the latest developments

The US economy continues to expand at a higher-than-expected rate. **GDP growth in 1Q23** was revised up considerably to 2% q-o-q SAAR, following the second estimate of 1.3% q-o-q SAAR and the first estimate of 1.1% q-o-q SAAR, as provided by the Bureau of Economic Analysis. This follows GDP growth of 2.6% q-o-q SAAR in 4Q22 and 3.2% q-o-q SAAR in 3Q22. The volatile inventory component provided a 2.1 percentage point (pp) drag to GDP growth in 1Q23, hence it is expected to recover and provide support to growth in 2Q23. In a view by industry groups, retail sales added 0.6 pp to growth, the second largest contribution after healthcare and social assistance. Personal consumption expenditures increased by a considerable 4.2% q-o-q SAAR, pointing to strong underlying consumer spending, a momentum that is considered to have carried over into 2Q23. However, debt-financed consumption in the US may become a challenge as rising delinquencies in consumer credit-related financing point to potential near-term issues.

General **inflation** has continued to retract significantly. On the other side, core inflation remains persistently high. The general price index has now slowed for eleven consecutive months to stand at 4% in May, following 4.9% y-o-y in April and 5% y-o-y in March. Nevertheless, core inflation remained at a high level of 5.2% y-o-y in May, after 5.5% in April and compared with 5.6% y-o-y in March, clearly surpassing general inflation. So it remains to be seen, how the US Fed will react. The Fed is also being steered by its guideline, the core index of personal consumption expenditures (PCE). This inflation index was almost unchanged in May, as it stood at 4.6% y-o-y, after 4.7% in April and 4.6% y-o-y in March. Continuing rises in wages and salaries, leading to higher prices in the services sector, are playing a role, as the PCE services price index rose by 5.3% y-o-y in May, following 5.5% y-o-y in April and March.

The **consumer confidence index** as reported by the Conference Board recovered significantly in June, rising to an index level of 109.7, compared with 102.5 in May and after 103.7 in April. This indicates that the solid consumer demand in 1Q23 may continue.

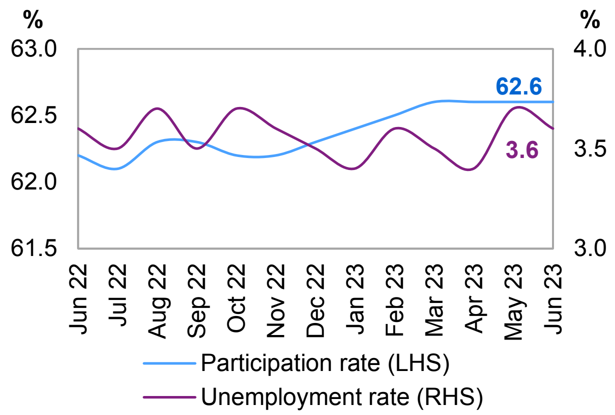
The labour market cooled a bit in June but remained robust. The **unemployment rate** fell to 3.6% after it stood at 3.7% in May and 3.4% in April.

The **participation rate** remained unchanged at 62.6%, the same level for the fourth consecutive month.

Non-farm payrolls rose less strongly in June. There were 209,000 new jobs recorded in June, compared with a downwardly revised number of 309,000 in May and compared with 217,000 in April. Corresponding hourly wage growth remained strong.

Hourly earnings rose by 4.4% y-o-y in June, the same robust level for a third consecutive month.

Graph 3 - 3: US monthly labour market



Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

Although 1Q23 **US GDP growth** slowed from 4Q22, and a continuation of this trend is expected throughout the year, the economy is expected to remain in a relatively sound shape. Particularly, when considering the burden of rapidly rising interest rates and the ongoing relatively high inflation level. Especially consumption is forecast to continue supporting the US economy. However, it seems persistently high core inflation may pressure the Fed to continue the monetary tightening cycle. The Fed has lifted its key policy rate already by 500 bp since the end of 2021. The upper band of the key-policy rate already stands at 5.25%, levels that are usually followed by a time of clear economic deceleration.

Despite the significant interest rate hikes by the Federal Reserve, the US economy is expected to experience continued strong support from **private household consumption** in 2Q23. This is due to an ongoing tight labour market and the consequence of ongoing robust disposable income. Additionally, the impact of monetary tightening is not felt immediately and takes around 18 months or more to materialize. 1Q23 saw a GDP growth of 2% q-o-q SAAR, compared with 2.6% q-o-q SAAR in 4Q22, and this gradual decline in growth is anticipated to persist throughout the year. GDP growth in 2024 then will continue at a low growth rate of below 1% annualized quarterly growth on average in 2024.

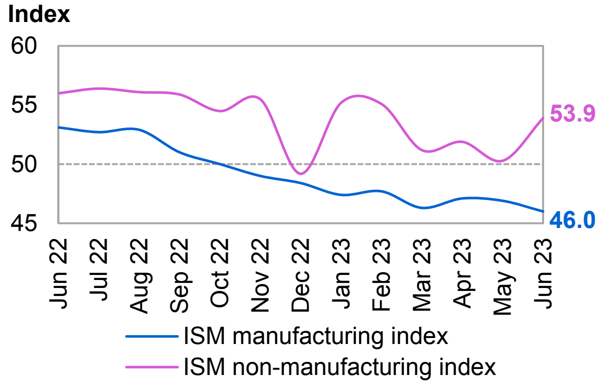
Following **core inflation** of 6.1% in 2022, the forecast for 2023 is around 4.5% and around 3% in 2024. That will likely lead the Fed to continue its tight monetary policies and the key policy rate may reach even 5.75% by the end of the year. Key policy rates are forecast to peak by then and to see some more accommodative policy stance by 2H24.

June **PMI** levels, as provided by the Institute for Supply Management (ISM), reflect an ongoing contraction in the manufacturing sector and a recovery in the services sector.

The June **manufacturing PMI** stood at 46.0, after 46.9 in May and after a level of 47.1 in April. It, therefore, remained below the growth-indicating level of 50 for the eighth consecutive month.

The index level for the **services sector**, representing around 70% of the US economy, recovered in June as it rose to 53.9, after a level of 50.3 in May and 51.9 in April.

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



Sources: Institute for Supply Management and Haver Analytics.

Taking into account the upward revision of 1Q23 GDP growth as well as a mild carry-over of the dynamic into 2Q23, the **2023 GDP growth forecast** was revised up to stand at 1.4%, compared with the previous month's forecast of 1.3%.

The growth estimate for **2024 anticipates** a slowdown to 0.7%. This considers a dampening effect from the high-interest rate level and, albeit slowing, and still elevated inflation levels.

Table 3 - 3: US economic growth rate and revision, 2023–2024*, %

	US
2023	**1.4**
Change from previous month	0.1
2024	**0.7**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

OECD Europe

Euro-zone

Update on the latest developments

The Euro-zone has evidently slowed down and while a recovery is likely in 2Q23, output this year will clearly remain below the high 2022 levels. In the most recent update, **1Q23 GDP** was reported to have declined by 0.4% q-o-q SAAR. This comes after a GDP decline of 0.4% q-o-q SAAR in 4Q22 as well, according to Eurostat, the European Statistical Agency.

The consequences of monetary tightening, ongoing high inflation, and the fallout from the tension in Eastern Europe have dampened the economic dynamic. While spending in the services sector has supported the Euro-zone economy since the beginning of the year, the manufacturing sector-related activity seems to have been a significant drag. Positively some signals from the industrial side indicated that the downturn in the goods sector may turn, or at least stabilise. Manufacturing orders in Germany picked up again, rising by 5.9% m-o-m in May in value terms and by 6.4% m-o-m in volume terms, according to data from the Deutsche Bundesbank. New passenger car registration in the Euro-zone has remained strong, rising by 20% y-o-y in May and 19.2% y-o-y in April, on a non-seasonally adjusted basis. These growth levels in passenger car registrations compare to a decline of 4.1% y-o-y in 2022, according to numbers from the Association des Constructeurs Europeens d'Automobiles.

Inflation retracted significantly in June again. June's inflation level stood at 5.5% y-o-y, compared with 6.1% y-o-y in May and following an April level of 7%. However, following the global trend, core inflation remained persistently high, a trend that has led the ECB to continue its monetary tightening up to May. Core inflation stood at 6.8% y-o-y in June, unchanged from May and only a touch below the April level of 7.3% y-o-y.

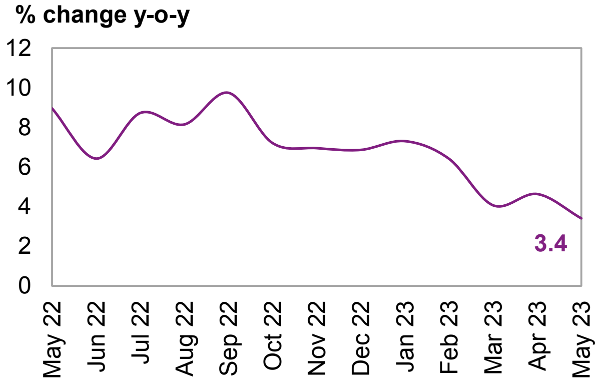
Lending activity slowed significantly in the past months, obviously digesting the ongoing **monetary tightening** cycle of the ECB. Monetary financial institutions' lending to the private sector has risen by 2.3% y-o-y in May, following a rise of 2.9% y-o-y in April and 3.6% y-o-y in March. Banks constitute an important provider of liquidity, particularly to small- and medium-sized enterprises in the Euro-zone. While so far no major fallouts have been registered from the rapidly rising interest rate environment, this is an area that will need close monitoring.

The **labour market** maintained its positive trajectory, with unemployment improving. According to the latest numbers from Eurostat, the unemployment rate stood at 6.5% in May, unchanged from April, and following 6.6% in 1Q23.

Growth in **retail sales** in value terms maintained a good momentum, rising by 3.4% y-o-y in May, compared with April's rise of 4.6% y-o-y and the March level of 4.1% y-o-y.

Spending in volume terms was almost unchanged as it declined by 2.8% y-o-y in May, compared with a contraction of 2.6% y-o-y in April and -3.2% y-o-y in March.

Graph 3 - 5: Euro-zone retail sales



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

Industrial production (IP) turned positive in April, rising by 0.6% y-o-y, after it fell by 2.2% y-o-y in March, another slightly positive element in a potential recovery of the industrial sector.

Near-term expectations

After a 4Q22 and a 1Q23 contraction, the **Euro-zone's GDP growth dynamic** is forecast to rebound for the remainder of 2023 and is anticipated to slightly accelerate into 2024. So far the services sector has been the main driver in the Euro-zone's economic activity, while the important industrial side has led the slowdown. The forecast anticipates a gradual recovery in the industrial sector, led by both domestic and external demand. Moreover, Germany was significantly impacted by the global downturn in industrial activity and is now forecast to recover again somewhat in 2023. After declining by 2.1% q-o-q SAAR in 4Q22 and by 1.3% q-o-q SAAR in 1Q23, Germany is forecast to recover to annualised quarterly growth rates of more than 1% for the remainder of the year. This will have an impact on the Euro-zone, given Germany's economic size, accounting for around 30% of the Euro-zone and its interconnectivity with the Euro-zone's economy.

However, ongoing inflation-related issues and consequently rising interest rates in the Euro-zone are forecast to lead to a low growth momentum in 2023. While manufacturing has shown a lacklustre performance since the beginning of the year, the services sector has performed relatively better, benefitting from the ongoing recovery in leisure and tourism. However, as shown by lead indicators, inflation seems to have already depressed spending abilities in 1Q23 and this will constitute a dampening factor going forward. Inflation remained high in June, and core inflation, in particular, is expected to remain high in 2023 and to gradually decelerate into 2024. Inflation is anticipated to remain elevated at more than 5% y-o-y in 2023, compared with an inflation level of 8.4% y-o-y in 2022. Inflation is forecast to retract to a level of more than 2% in 2024.

Consequently, the **ECB** is forecast to continue its monetary tightening actions in July and likely in September, when the central bank is expected to lift interest rates in both meetings by 25 basis points. This will move the main key policy rate to around 4.5%. As a result, it is predicted that there will be a further slowdown in debt-financed investments through primarily bank-related lending activities in the Euro-zone. These investments usually are a crucial support in fostering growth within the Euro-zone. This anticipated slowdown in lending activity is forecast to have negative consequences, particularly affecting the real estate sector and overall business-related investments. Additionally, European banks are likely to implement stricter lending standards in response to globally felt 1Q23 banking uncertainties. Consequently, the flow of liquidity is expected to decelerate even more, which will have an impact on the growth of the Euro-zone.

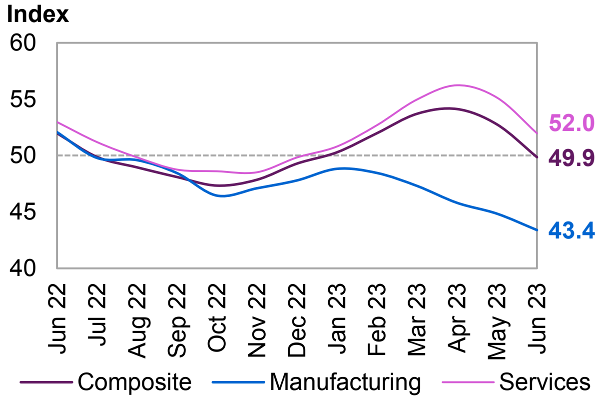
After a 1Q23 GDP decline of 0.4% q-o-q SAAR, growth is forecast to pick up in 2Q23, when it is forecast to stand at 1.6% q-o-q SAAR. In 3Q23, GDP growth is forecast to decelerate to stand at 1.2% q-o-q SAAR and is projected to slow to 0.8% q-o-q SAAR in 4Q23. Quarterly growth in 2024 will stand within a very close range of between 0.6-0.8% annualised quarterly average.

The **Euro-zone's June PMI** pointed to continued challenges in the manufacturing sector – remaining in the contractionary territory – and a downward momentum in the services sector.

The **PMI for services**, the largest sector in the Euro-zone fell considerably to stand at a level of 52 in June, after 55.1 in May and 56.2 in April.

The **manufacturing PMI** fell further and hence remained in contractionary territory, standing at 43.4 in June, after 44.8 in May and 45.8 in April.

Graph 3 - 6: Euro-zone PMIs



Sources: S&P Global and Haver Analytics.

Table 3 - 4: Euro-zone economic growth rate and revision, 2023–2024*, %

	Euro-zone
2023	**0.7**
Change from previous month	-0.1
2024	**0.8**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

By taking into consideration the decline in 1Q23 GDP growth and the further impact of a variety of dampening factors, including inflation and ongoing monetary tightening, **GDP growth for 2023** was revised down to 0.7% from 0.8%. The forecast also anticipates some rebound from the 1Q23 GDP decline and rising services sector activity in the summer months. Despite numerous remaining challenges, **2024 GDP growth** is forecast at 0.8%.

OECD Asia Pacific

Japan

Update on latest developments

Following strong **GDP growth in 1Q23**, Japan's positive growth dynamic appears to have continued into 2Q23, albeit at a slightly decelerating pace. However, it should be noted that this is also the outcome of a base effect given the very low growth in 2H22, given the impact then of COVID-19 lockdowns, the consequent pent-up demand in 1Q23, and a normalization of the country's growth dynamic in 2023 at around 1%. GDP growth in 1Q23 stood at 2.7% q-o-q SAAR, as reported by the Ministry of Economy, Trade and Industry (METI).

The momentum has been driven by the services sector, a trend that has become more visible in 2Q23 after Japan removed all major COVID-19-related border restrictions at the end of April, which has helped support tourism. The industrial sector has been a weak spot in recent months, but overall it has picked up since the beginning of the year. Firm wage growth is another positive element in the economy, albeit this has broadened price pressures into 2H23, which can be seen in the latest appreciation of inflation, including core-inflation.

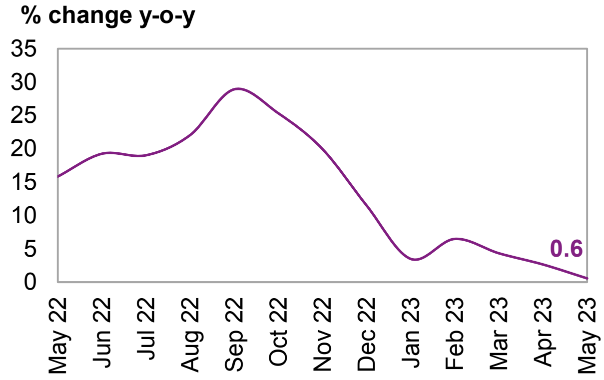
Inflation remains historically high. It has been relatively unchanged over recent months as it stood at 3.2% y-o-y in May, a slight retraction from the April level of 3.5%, and the following 3.2% in March. Comparable with inflationary trends in other economies, core inflation – excluding food and energy – a main guideline for central bank policies, was steady too, reaching 2.6% y-o-y in May, after 2.5% in April and 2.3% in March.

The Bank of Japan (BoJ) has not changed its approach and continues to pursue a relatively accommodative monetary policy, with unchanged negative key-policy levels and an unchanged yield-curve control level.

Similar to other major economies, **IP** in **Japan** is signalling the potential onset of an improving trend. The May level increased by 2.7% y-o-y on a seasonally adjusted base, following growth of 0.2% in April. This comes after the 1Q23 IP level declined by 2.2% y-o-y.

Exports remained expansionary on an annual base, but have witnessed a clear slowing trend in recent months. Exports rose by 4.8% in 1Q23, but growth slowed to 2.6% y-o-y in April and to 0.6% in May, all on a non-seasonally adjusted base. This ties into the challenging situation in the global goods sector seen in the past months.

Graph 3 - 7: Japan's exports



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

Retail sales continued their solid trend, with robust domestic demand in 2Q23. Retail sales in value terms grew by 5.9% y-o-y in May, after an already strong level of 5.2% in April, on a seasonally adjusted base. In volume terms, growth has also been rising, as it stood at 2.5% y-o-y in May, after 1.7% in April.

Consumer confidence improved further, suggesting that household expenditure remains sound in 3Q23. It stood at 36.4 in June, compared with 35.7 in May and 34.6 in April. The June index marks the highest level since February 2022.

Near-term expectations

Japan's growth is forecast to continue at a low, but steady, growth level in 2H23 and 2024. The dynamic has been, and is expected to continue to be, supported by the services sector, with pent-up demand in the contact-intensive areas of the economy in 3Q23, including tourism and general leisure activity. This dynamic is forecast to taper off in 4Q23. With some gradual pick up in industrial production and exports, the growth level in Japan may stabilize. In addition, the economy is anticipated to be well supported by domestic demand, which is forecast to remain sound throughout 2023.

Growth in Japan is expected to stay at around the same level as in 2022. After very low growth in 4Q22, which stood at 0.4% q-o-q SAAR, growth picked up again in 1Q23 to stand at 2.7% q-o-q SAAR. The GDP growth pattern is then forecast to remain relatively stable, with GDP growth on average of around 0.5% q-o-q SAAR in the remaining three quarters.

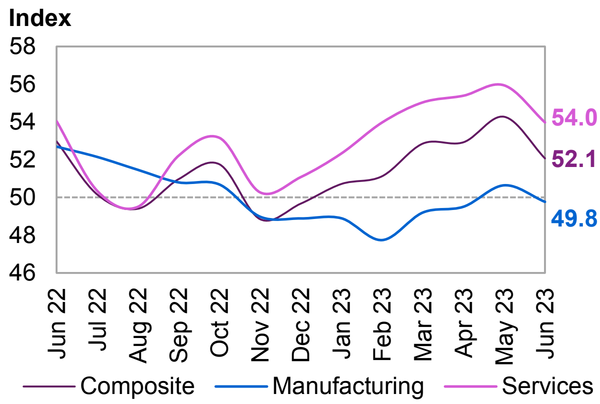
The **BoJ** is forecast to continue pursuing an accommodative monetary policy as the central bank has so far foreseen the inflationary challenge to be a minor issue. Inflation stood at nearly 3.8% y-o-y in 4Q22 and 3.5% in 1Q23. Inflation is estimated to have averaged at 3.6% y-o-y in total in 1H23 but is forecast to trend down towards the end of the year, when it may hover around 1.5%.

June PMI numbers reflect a deceleration in both the manufacturing and services sectors. Importantly, the manufacturing sector moved back into contractionary territory, below the index level of 50, and the services sector appears to have decelerated, albeit slightly.

The **services sector PMI**, which constitutes around two-thirds of the Japanese economy, retracted to stand at 54, after it had risen to 55.9 in May, following 55.4 in April.

The **manufacturing PMI** fell to 49.8, slightly below the 50-level, after it rose to stand at 50.6 in May, following 49.5 in April.

Graph 3 - 8: Japan's PMIs



Sources: S&P Global and Haver Analytics.

After sound growth in 1Q23 and the expectation of ongoing steady growth in the remainder of the year, the **2023 GDP growth forecast** has been revised up slightly to stand at 1.1%. This compares with 1% in the previous month. Momentum is forecast to be supported by domestic demand, mainly from the services sector, and by a gradual improvement in exports. The projection for **2024** considers a slight deceleration to 1%.

Table 3 - 5: Japan's economic growth rate and revision, 2023–2024*, %

	Japan
2023	**1.1**
Change from previous month	0.1
2024	**1.0**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

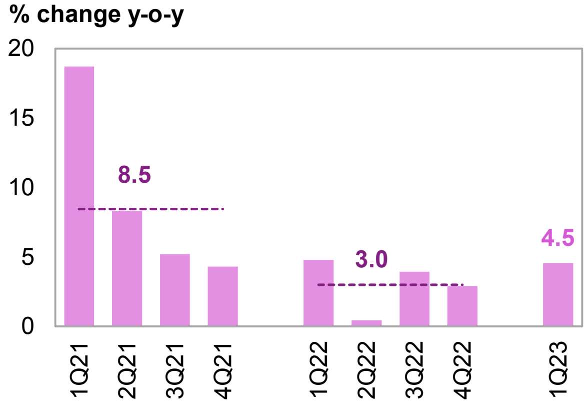
Non-OECD

China

Update on the latest developments

China's economy has generally continued to improve after the post-pandemic reopening at the end of last year. Some challenges remain, however, and output measures and lead indicators exhibit an ongoing mixed picture, but after tepid growth in 2022, a considerable rebound in 1H23 has become obvious. An important driver for the ongoing dynamic is pent-up demand in the services sector, particularly the contact-intensive sector, including leisure, tourism and transportation, which has enjoyed strong support. China's 1Q23 GDP growth was reported at 4.5% and the quarterly momentum seems to have been steady in 2Q23.

Graph 3 - 9: China's GDP growth



Sources: National Bureau of Statistics and Haver Analytics.

The latest available data for May's IP shows that activity was sound given an expansion of 3.5% y-o-y, although slightly below the 5.6% level in April. This compares with a 1Q23 momentum of 2.9% y-o-y. Additionally, the monthly IP indicator saw steady growth in May, rising by 0.6% m-o-m, compared with a decline of 0.3% in April.

Retail trade picked up by 12.7% y-o-y in May, after a rise of 18.5% in April. This compares with 10.6% y-o-y in March. Given the distorted base from last year, the monthly growth rates provide further insight. Based on the China National Bureau of Statistics, the monthly growth in retail sales expanded to stand at 0.4% m-o-m in May, after a rise of 0.2% in April, and 0.3% in March.

Another factor that will be important to monitor is international trade, considering China's economy has been very much impacted by exports. After **export volumes** declined considerably over most of 2022 and in the first two months of 2023, they recovered strongly in March and April, rising y-o-y by 15.3% and 10.9%, respectively. However, export volumes declined in May as they stood at -0.3% y-o-y.

The **annual inflation rate** retracted considerably to stand at 0% in June, following 0.2% y-o-y in May and 0.1% in April. This is raising fears of deflationary developments in China. However, it does provide the government with more room to manoeuvre if fiscal or monetary policy support is required. With the almost inexistent inflation rate it seems likely that the central government, together with the People Bank of China (PBOC), may become engaged in near-term stimulus measures. This is particularly likely, when considering that youth unemployment stood at above the 20% level for the second consecutive month in May, reaching 20.8%.

Near-term expectations

As **China's reopening dynamic** has slowed somewhat, the central bank has recently released further monetary support measures. The relative accommodative monetary policy framework is forecast to continue. Although, widening interest rate differentials with other major central banks, and the consequent depreciation pressures on the renminbi, means the central bank needs to act carefully in lowering interest rates.

However, with projected inflation remaining low throughout 2023, there is some flexibility to support the economy via monetary and fiscal measures, if necessary. This is even more likely as youth unemployment has remained high and deflationary momentum may dampen near term consumption. So far, this year's consumer spending has been mainly concentrated on services, with demand for goods not strong domestically, resulting in a stalled recovery in the manufacturing sector. However, it is likely that the reopening effects, in combination with further supportive government measures, will lead growth to reach around the 5% growth target this year. Next year's performance is somewhat more uncertain.

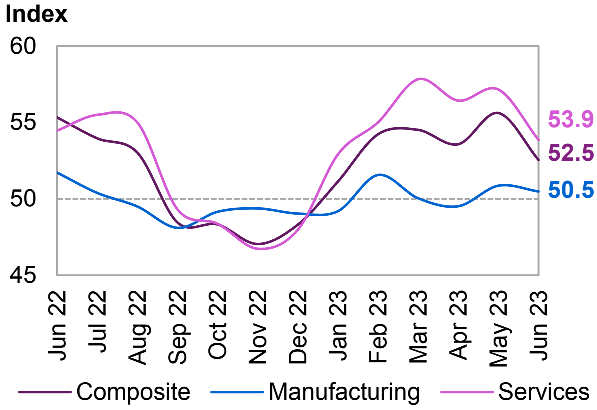
The current projections for **GDP growth** suggest a relatively even distribution throughout the year. After 1Q23 growth was reported at 4.5% y-o-y, 2Q23 GDP growth is forecast to pick up further and stand at 5.8%, followed by 5.5% and 5% in 3Q23 and 4Q23, respectively. This will lead the Chinese economy to expand by 5.2% y-o-y in 2023. In 2024, growth is forecast to slightly decelerate and to be relatively equally distributed on a quarterly basis.

June PMI readings, as provided by S&P Global, show that the services sector is performing very well, although there has been a slight deceleration recently. Activity in the manufacturing sector has slightly retracted, but the index remains in expansionary territory above the 50-level.

The **manufacturing PMI** moved back into expansionary territory in May to stand at 50.9, and in June it was at 50.5.

The **services sector index** has fallen to stand at a level of 53.9 in June, after 57.1 in May.

Graph 3 - 10: China's PMI



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

The **2023 GDP growth forecast** remains at 5.2%. Expectations for ongoing supportive pent-up demand in 2H23 and a continued improving economy, in combination with additional measures undertaken by authorities to prop up economic growth, have not changed.

GDP growth in 2024 is forecast at 4.8%, a slight deceleration from this year's level. However, with such a growth rate China will still outgrow most other major economies and will provide the largest single share to global economic growth next year.

Table 3 - 6: China's economic growth rate and revision, 2023–2024*, %

	China
2023	5.2
Change from previous month	0.0
2024	4.8

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

Other Asia

India

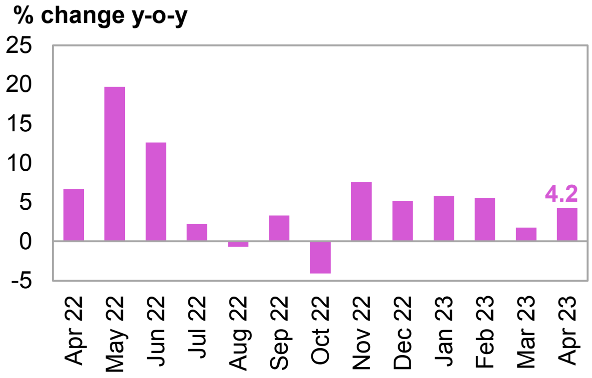
Update on the latest developments

India's economy has continued to be robust and it has likely outperformed most of the major economies in 1H23. After better-than-expected growth in 1Q23, lead indicators and output measures point to an ongoing positive dynamic in 2Q23. As in most major economies, the services sector has continued to be the driving force in GDP growth, the country has also benefitted from significant development in its manufacturing base. Additionally, inflation has recently slowed significantly. While the central bank has kept key policy rates unchanged, the slowing inflation rate is providing the central bank with some flexibility to lower rates later in the year, if required. GDP growth in 1Q23 is at 6.1% y-o-y, a clear uptick from GDP growth of 3.3% in 3Q22 and 4.4% in 4Q22. A steady trend in 2Q23 seems to have continued. Major support this year has come from investments into the economy, supported by government-led stimulus and exports.

IP advanced by 4.2% y-o-y in April, compared with 1.7% in March. While IP has performed well, the growth level is considerably lower than at the beginning of the year, when growth rates of 5.6% and 5.8% were recorded in February and January, respectively.

The **unemployment rate** rose to 8.1% in April, compared with 7.8% in March and 7.5% in February.

Graph 3 - 11: India's industrial production

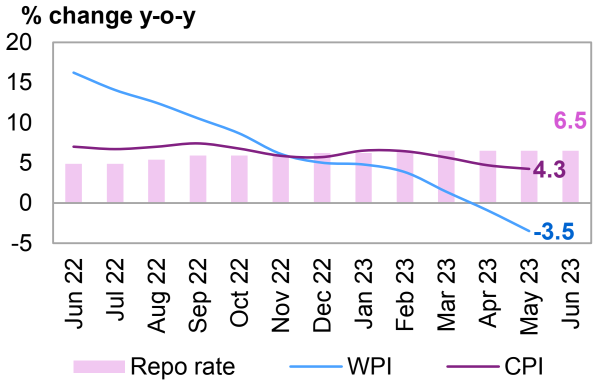


Sources: Ministry of Statistics and Program Implementation of India and Haver Analytics.

India's inflation slowed considerably in May. The **general CPI index** retracted to stand at 4.3% y-o-y, compared with 4.7% in April and after 5.7% in March. The May level was the lowest level since October 2021.

Core inflation was almost unchanged, standing at 5.2% y-o-y in May, compared with 5.1% in April, after a level of 5.7% in March. The wholesale price index (WPI) remained in a considerable deflationary trend. After it turned negative in April, falling by 0.9% y-o-y, it declined by 3.5% in May, driven by deflationary trends in the non-food sector. Non-food prices fell by 9.6% y-o-y.

Graph 3 - 12: Repo rate and inflation in India



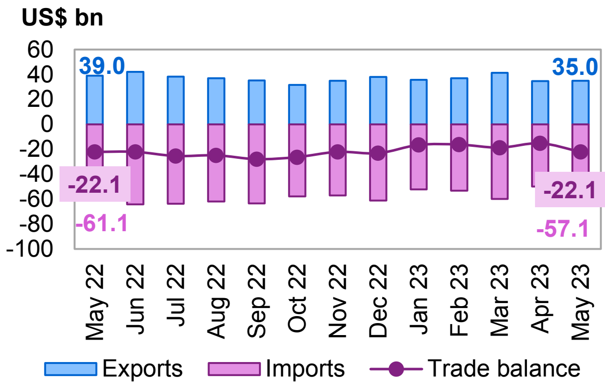
Sources: Ministry of Commerce and Industry, Reserve Bank of India and Haver Analytics.

India's **trade balance** posted a rising deficit of about $22.1 billion in May. This compares with a deficit of $15.1 billion in April and $22.1 billion in May 2022.

Monthly **exports** rose by $35 billion in May from $34.7 billion in April, compared with $39 billion in May last year.

Monthly **imports** increased to stand at $57.1 billion in May, compared with $49.9 billion in April, after a level of $61.1 billion was seen in May last year.

Graph 3 - 13: India's trade balance



Sources: Ministry of Commerce and Industry and Haver Analytics.

Near-term expectations

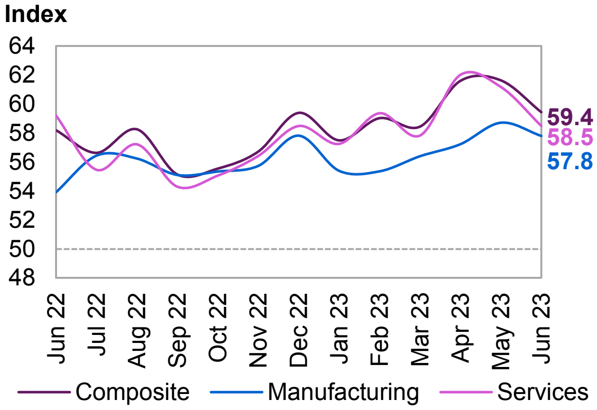
It is forecast that India will witness sound **growth in 2023**. At the same time, however, after the considerable high growth in 2022 the economy is on a slight deceleration trend. This is also due to the base effect. Despite some domestic demand weakness, the manufacturing sector has continued to expand, and construction activity could receive support from a government-initiated capex push. The services sector is expected to remain the primary contributor to GDP growth in 2023, bolstered by strong exports. Another contributing factor is the most recent inflation slowdown, particularly core-inflation, which has now dropped for four consecutive months. As this trend is forecast to continue, the Reserve Bank of India (RBI) may have some room to lower key policy rates later in the year. The RBI kept its key policy rate unchanged at 6.5% at its latest meeting in June. The bank will likely keep the rate paused for a while, with a first rate cut anticipated to materialize in 4Q23. Considering the latest developments, there is potential economic growth upside to the current 2023 GDP growth forecast.

After 1Q23 GDP growth was reported at 6.1% y-o-y, the momentum is forecast to decelerate slightly. GDP growth in the 2Q23 is forecast at 5.8% y-o-y, while 3Q23 is forecast to stand at 5.3% and 4Q23 at 5.2%. However, this anticipates that the growth rate in 1H23 will surpass that of 2H22. Growth in 2024 is forecast to see some acceleration from 4Q23, with all quarterly growth levels to stand at slightly below 6%, except 4Q24.

The S&P Global **manufacturing PMI** retracted slightly, but it remains significantly in expansionary territory. It reached a strong level of 57.8 in June, after 58.7 in May and 57.2 in April. This highlights a further expansionary trend going into 2Q23.

The **services PMI** indicates an ongoing steady dynamic, while also pointing to some slowing momentum. It remained at a high level, standing at 58.5 in June, compared with 61.2 in May, after reaching 62 in April.

Graph 3 - 14: India's PMIs



Sources: S&P Global and Haver Analytics.

The **2023 GDP growth** is unchanged from last month's forecast at 5.6%. While this is an annual deceleration, the 1H23 momentum is clearly a rebound from the low growth India experienced in 2H22. Considering the accelerating growth in 1Q23, the trend may speed up further into 2Q23 and beyond, potentially lifting it above the current GDP growth forecast. Growth is expected to be primarily supported by the services sector, fiscal stimulus and a rebound in consumption in 2H23.

Table 3 - 7: India's economic growth rate and revision, 2023–2024*, %

	India
2023	**5.6**
Change from previous month	0.0
2024	**5.9**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

With this dynamic expected to carry over into **2024**, the growth forecast for the next year stands at 5.9%.

Latin America

Brazil

Update on latest developments

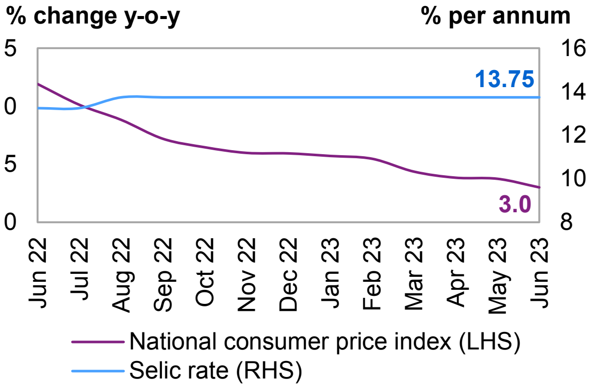
Since the beginning of 2023, Brazil has enjoyed sound growth momentum, a dynamic that has been better than expected. GDP growth in 1Q23 was strong at 4% y-o-y, based on data from Brazil's statistical office, the *Instituto Brasileiro de Geografia e Estatistica*. The latest available 2Q23 data points to a continuation of this robust momentum. Positively, inflation has also slowed and both consumer and business confidence have risen.

This provides a positive base for the government's agenda to initiate a new fiscal framework that was recently approved by the lower house of Congress. It will now face a vote in the Senate. A main aspect of this fiscal framework is to redefine the fiscal anchor, aiming at replacing the spending cap that was adopted in 2016 and limiting public spending to no more than the official inflation rate of the previous year. This would provide the government with more flexibility to support social welfare measures. Furthermore, plans are underway to reform the tax code and the VAT framework.

Inflation retracted further to reach 3% y-o-y in June, the lowest level since 2018. It stood at 3.7% y in May, 3.8% in April and 4.4% in March. This compares with the 2022 inflation rate of 9.4%. Core inflation, however, was almost unchanged in May, the latest available month, as it stood at 7.2% y-o-y in June, almost the same level as in May and in April, when it reached 7.3% and 7.2%, respectively.

The **central bank** has so far kept its key policy rate at 13.75%. The central bank's inflation target stands at 3.25% for 2023. However, the low general inflation may provide some room for lowering interest rates towards the end of the year.

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



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

With the encouraging developments in the Brazilian economy, the labour market experienced some positive momentum. Based on the usual three-month moving average, Brazil's **unemployment rate** saw an upward trend in 1Q23, which started to slow in March, when it stood at 8.8%. It has now reached 8.3% in May, from 8.5% in April.

Consumer confidence rose in May to stand at 90.6 in July, after 87.7 in June, and 85.7 in May, as measured by the *Fundação Getúlio Vargas Institute*.

Near-term expectations

Brazil is forecast to enjoy sound growth in 2023. However, after the exceptionally high 1Q23 growth, which was impacted by some temporary factors, the dynamic is forecast to slow for the remainder of the year. Sector-wise, the trend was very much driven by agriculture. The industrial sector grew by 1.9% y-o-y and the services sector increased by 2.9% y-o-y, while the agricultural sector expanded by 18.8% y-o-y. A further rebound in manufacturing and additional support from the services sector are forecast to provide a sound base for GDP growth in 2023. Moreover, external trade, with support from China's recovery, will also provide support.

Inflation is forecast to slow, but to remain at around 5% in 2023. This compares with the central bank's current inflation target of 3.25%. In 2024, inflation is forecast to stand at around 4%. However, with the inflationary trend slowing considerably to June, a more accommodative monetary policy stance in 2H23 is possible. The central bank's latest meeting minutes suggest that some members of the board already favour a 25bp cut. Therefore, a 25bp cut may now follow in August and September, followed by a 100bp lowering later in the year. The Selic rate is forecast to stand at 12.25% at the year-end and reach around 8% by the end of 2024.

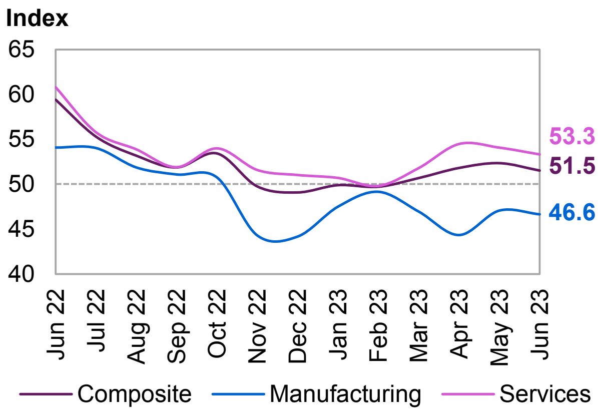
Considering the current momentum and the carry-over of the 1H23 dynamic into 2H23, upside potential can be seen in annual growth. Additionally, the possibility of more accommodative monetary policies in 2H23, coupled with expanding export opportunities, could lift growth beyond current expectations.

June PMI indices indicate ongoing support from the services sector, while the manufacturing sector slowed slightly.

The **manufacturing PMI** stood at 46.6 in June, after 47.1 in May and 44.3 in April. However, it remained below the growth-indicating level of 50 for the eighth consecutive month.

The **services PMI** retracted slightly too, as it reached 53.3 in June, after a level of 54.1 in May and 54.5 in April.

Graph 3 - 16: Brazil's PMIs



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

Despite some challenging economic conditions in Brazil and considering the positive temporary impact of the agricultural sector in 1Q23 GDP numbers, the ongoing growth momentum indicates that there is potential for further growth. Moreover, an ongoing decline in inflation could lead to a more accommodative monetary policy in 2H23, potentially bolstering growth towards the end of the year. Additionally, envisaged fiscal reforms may provide a supportive factor that could improve asset market conditions and increase business confidence with some positive effect on next year's growth. By taking into consideration the current dynamic, the forecast for **GDP growth in 2023** was revised up to 1.3%, compared with a forecast of 1.0% last month. This is forecast to be followed by GDP growth of 1.1% in **2024**.

Table 3 - 8: Brazil's economic growth rate and revision, 2023–2024*, %

	Brazil
2023	**1.3**
Change from previous month	0.3
2024	**1.1**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

Africa

South Africa

Update on the latest developments

The **South African economy** has been impacted by a variety of issues, ranging from power supply issues to high inflation and rising interest rates. However, some improvements have taken hold recently. While the economy faces severe issues, GDP growth in 1Q23 was generally better-than-expected and inflation fell to a 13-month low in May. Consequently the South African rand has rebounded strongly in June. Positively, Eskom, the national electricity provider, has so far managed to avoid high-level power rationing in June, helped by a rise in the firm's energy availability efficiency.

After a GDP decline in 4Q22 of seasonally adjusted (sa) 1.1% q-o-q, 1Q23 GDP growth was reported at a level of 0.4% q-o-q sa. Challenges continued in 2Q23 and there is a high possibility of only low growth in 1H23 GDP, while the latest data suggest that the economic growth dynamic may have picked up towards the end of 2Q23. Inflation remains elevated, primarily driven by food price pressures. However, the latest data suggests that the pricing pressure is easing somewhat. Consequently the central bank has maintained a tight monetary policy, but refrained from a further lifting of interest rates in June.

Headline inflation in urban areas retracted in May for the second consecutive month. Following a 6.8% y-o-y decline in April, it stood at 6.3% y-o-y in May. This compares with the 2023 peak in March, when it stood at 7.1% y-o-y. However, corresponding core inflation remained almost unchanged to stand at 5.2% y-o-y in May, after a level of 5.3% y-o-y in April and 5.2% y-o-y in both March and February. The **central bank** has so far pursued strict monetary tightening as it has lifted interest rates by 4.75 bp since October 2021. Continued blackouts in South Africa have certainly complicated the central bank's fight against inflation. While the central bank has paused the interest rate hiking cycle, further steps will need to be closely monitored as core-inflation is still high and persistent.

Near-term expectations

As the downward momentum has stabilised, the economy may pick up further in 2H23. After 1Q23 GDP growth rebounded somewhat from the 4Q22 contraction, a continuation of this growth dynamic is likely to be limited, given the ongoing constraints from the power sector in South Africa's economy, continued high inflation and the consequence of elevated interest rates. The economy is forecast to grow at a low level with 2Q23 growth to be flat on a quarterly growth level, following the reported 0.4% q-o-q sa in 1Q23. Average quarterly growth is forecast at around 0.1% q-o-q sa in 2H23.

Given high core inflation, it cannot be ruled out that the central bank will possibly lift the key policy rate by a further 25 bp to stand at 8.5% in 2H23. It also remains to be seen if further load-shedding levels this winter will continue.

The forward-looking seasonally adjusted composite **PMI,** as provided by S&P Global, improved slightly, but remained in contractionary territory, below the index-level of 50, indicating a continued challenging situation in the South African economy. It stood at 48.7 in June, compared with 47.9 in May and following a level of 49.6 in April.

Considering the ongoing multiple issues, the **2023 GDP growth forecast** was revised down to stand at 0.2%, compared with a 0.4% GDP growth forecast for 2023 in the previous month. Nevertheless, downside risk prevails and near-term developments will need close monitoring.

Growth in **2024** is forecast to accelerate modestly and to stand at 0.8%. Improvements in the domestic situation and also in external demand via commodity exports are anticipated.

Table 3 - 9: South Africa's economic growth rate and revision, 2023–2024*, %

	South Africa
2023	**0.2**
Change from previous month	-0.2
2024	**0.8**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

Russia and Central Asia

Russia

Update on the latest developments

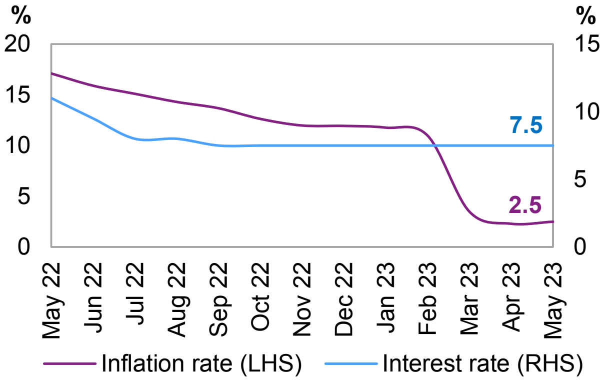
Russia's economy has continued its rebound and performed better-than-expected, despite ongoing external and domestic challenges. The impact of the conflict in Eastern Europe can be observed in indicators such as industrial production and wholesale trade. However, the overall recovery seems to be intact, given ongoing strong revenues from hydrocarbon exports and positive domestic demand developments. While the positive effects from significant fiscal easing are expected to diminish soon, monetary policy remains relatively conservative. GDP contracted by 1.8% y-o-y in 1Q23, as shown in the latest updated GDP growth figures released by the Russian Federal State Statistic Service. This comes after a 4Q22 decline of 2.7% y-o-y. Most recently, the Central Bank of Russia has remained hawkish, citing rouble weakness as the main inflation risk, and kept key policy rates unchanged at 7.5%. The exchange rate stood at 87 roubles per US-dollar at the end of June, having declined by more than 20% since the beginning of the year. Although recent budget data shows a modest improvement in May, the federal budget deficit stood at 16.1% of GDP in 1Q23.

Consumer inflation retracted further in May to stand at 2.5% y-o-y, following a similar level of 2.5% in April and 3.5% in March, all well below the central bank's inflation target of 4%. In February, inflation stood at 11% y-o-y, compared with 11.8% in January. Russia's central bank held its **policy rate** at 7.5% in May and has so far not provided indications to lower interest rates.

On an annual basis, the **rebound in IP** continued in May, when it rose by 7.5% y-o-y, compared with a rise of 5.2% in April, and following a rise of 1.2% in March. IP had declined by 1.7% y-o-y in February and by 2.4% in January.

Russia's **jobless rate** continued to stand at a very low level of 3.3% in May, the same level as in April, with the 1Q23 at 3.5%.

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



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

Near-term expectations

Although the range of **uncertainties** for near-term Russian economic growth remain wide-ranging, the economy is forecast to improve its growth momentum throughout the year. It is set to benefit from hydrocarbon exports and the positive effects of its domestic momentum. When considering the ongoing positive developments in IP, the labour market and the continued support from consumer confidence, Russia's growth risk for 2023 remains skewed to the upside. With income growth remaining healthy, consumption recovery should continue in the near term. Moreover, government-led measures are expected to continue counterbalancing the ongoing economic challenges.

While the central bank seems to have room to manoeuvre and could possibly provide a more accommodative monetary policy, it has remained cautious. Unless the weakness of the rouble subsides, the central bank is likely to hike interest rates in 3Q23.

Following a reported 4Q22 GDP decline of 2.7% y-o-y, the contraction continued in 1Q23, when **GDP growth** declined by 1.8%. GDP growth in 2Q23 is forecast to grow by 1% y-o-y. The 1H23 appreciation is expected to be followed by a further expansion in 2H23 with average quarterly GDP growth rates of 1.2% y-o-y. While consumption is expected to rebound further, the government's counterbalancing measures are expected to compensate for the negative impact of external pressure to a significant extent.

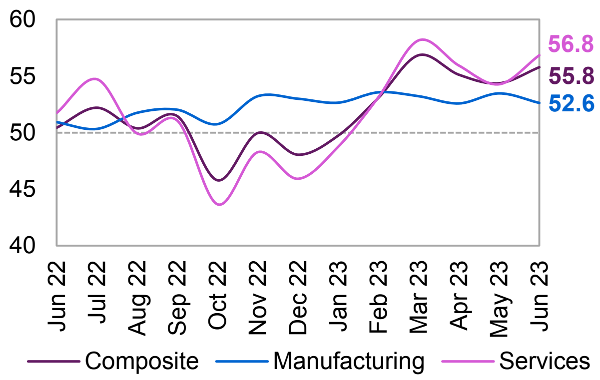
However, uncertainties related to the impact of sanctions, domestic political developments, and the trend in the commodities sector remain.

While the PMI index for the manufacturing sector has retracted slightly in June, the services sector reflects an ongoing strong trend.

June's S&P global **manufacturing PMI** declined slightly to stand at 52.6, after a level of 53.5 in May.

The **services PMI** rose considerably and stood at 56.8 in June, compared with 54.3 in May.

Graph 3 - 18: Russia's PMI



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

GDP growth in 2023 was revised up to stand at 0.4%, compared with last month's projection of a 0.5% decline. Although the risk to the forecast is tilted towards the upside, the forecast remains subject to high levels of uncertainty amid the ongoing challenges for the Russian economy.

The small GDP growth appreciation in 2023, is forecast to be followed by further improvements in **2024**, when GDP growth is forecast at 0.8%.

Table 3 - 10: Russia's economic growth rate and revision, 2023–2024*, %

	Russia
2023	**0.4**
Change from previous month	0.9
2024	**0.8**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

OPEC Member Countries

Saudi Arabia

After growth of 8.7% in 2022, on a seasonally non-adjusted base, the **Saudi Arabian economy** expanded by 3.8% y-o-y in 1Q23, with indications of a 5.4% rise in non-oil activities and a 1.4% increase in oil activities. Growth is indicated to slow down to some extent this year, but 1Q23 government expenditures remained strong and rose by 16.2% y-o-y. The PMI index is holding up well too, rising to 59.6 in June, following a levels of 58.5 in May, 59.6 in April and 58.7 in March, supported by strong economic conditions and a sound labour market. The unemployment rate stood at a low 5.1% in 1Q23, slightly above the 4Q22 level when it was at 4.8%, the lowest quarterly level last year. Inflation stood at 2.8% y-o-y in May, almost unchanged from the 2.7% in April and March. In May, the Saudi Central Bank increased the key policy rate by 25 bp to 5.75%, aligning with the US dollar interest rate regime and kept it unchanged in June. Growth in the near-term is expected to remain strong, with both the oil and the non-oil sector supporting the momentum and with a strong commitment to government reform programmes.

Nigeria

Nigeria's economy grew by 3.3% in 2022, but is forecast to decelerate in 2023. Growth in 1Q23 stood at 2.4% y-o-y in 1Q23, after growth of 3.6% in 4Q22, an indicator for this year's anticipated slowdown. The seasonally adjusted 1Q23 GDP growth rate on a quarterly basis even contracted by 0.8%. Weakening growth in the services, manufacturing, and agricultural sectors are developments to be considered in the 2023 growth trend. Moreover, high inflation continues to burden the economy. Inflation data for May shows an ongoing acceleration, with an annual rate of 22.4% y-o-y, compared with 22.2% in April and 22% in March. Food inflation has been a key factor in this rise, reaching 24.8% y-o-y in May, after 24.6% in April and 24.5% in March. Consequently, the Central Bank of Nigeria lifted the key policy rate by 50 bp to 18.5% in May, but this policy rate has remained unchanged since. Despite the challenges, May's Stanbic IBTC Bank Nigeria PMI held up well, retracting only slightly to stand at 52.3 in June, after 54 in May and 53.8 in April.

The United Arab Emirates (UAE)

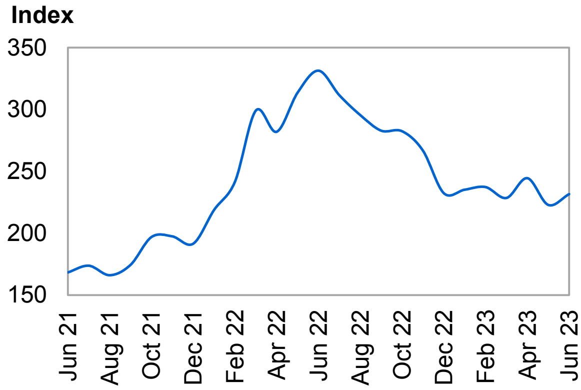
The **UAE's economy** expanded by 7.9% y-o-y in 2022, with the non-oil sector rising by 7.2% and the hydrocarbon-sector rising by 9.5%. The robust performance has continued in 2023, albeit at a slightly lower rate, but with constant contributions from the non-oil sector, especially from tourism, leisure and real-estate. The revival in tourism, coupled with a growing population and government support, is contributing to overall economic growth in 2023. The latest IMF Article IV review provides a positive assessment, pointing at the supportive growth role of travel and tourism and investment this year. It acknowledged that further upside could materialize for medium-term growth from the UAE's reform efforts such as the Comprehensive Economic Partnership Agreements (CEPAs) and measures to attract foreign investment. The country's PMI rose again in June to stand at 56.9, compared to a level of 55.5 in May and 56.6 in April. This suggests that the expansionary trend will be maintained. Finally, the Central Bank of the UAE mirrored the 25 bp increase in interest rates implemented by the US Federal Reserve in May, resulting in a total rise of 500 bp in just over a year. The short-term interest rate is now approaching its highest level since before the global financial crisis.

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

The **US dollar (USD) index** rose for the second consecutive month in June, increasing marginally by 0.3% m-o-m. The USD was under pressure throughout the month as lower than expected May inflation led to a pause of interest rate hikes by the US Federal Reserve (Fed) in its latest meeting. However, a strong job market report later in the month renewed market concerns that the Fed may increase its hawkish stances, therefore adding support to the USD. Y-o-y, the index was down by 0.8%.

The USD was mixed in June against **major developed market currencies**. It declined against the euro and the pound by 0.4% and 1.1% respectively m-o-m. Meanwhile, it rose against the yen by 2.9% over the same period. Y-o-y, the USD was up by 2.5% and 5.5% against the euro and yen respectively; however, it was down by 2.5% against the pound over the same period.

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



Sources: IMF and OPEC.

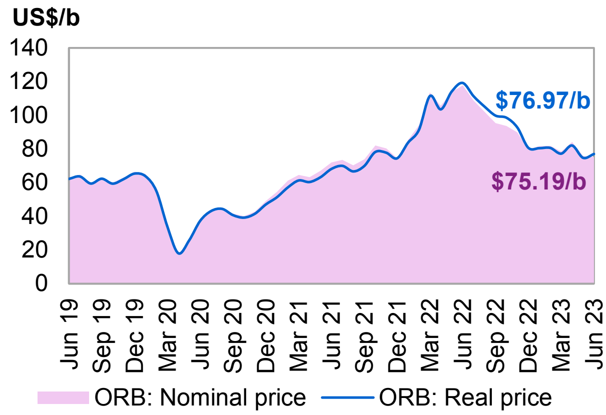
In terms of **emerging market currencies**, the USD declined in June against the rupee and the real by 0.1% and 2.6% respectively m-o-m. Meanwhile, it rose against the yuan by 2.9% over the same period. Y-o-y, the USD was up by 5.3% and 7.0% against the rupee and yuan respectively; however, it was down by 3.5% against the real over the same period.

The differential between **nominal and real ORB prices** widened m-o-m. Inflation (nominal price minus real price) went from $1.12/b in May to a negative $1.78/b in June. This strong divergence was driven mainly by a decline in inflation, which led to stronger real prices m-o-m.

In **nominal terms**, accounting for inflation, the ORB price went from $75.82/b in May to $75.19/b in June, a 0.8% decrease m-o-m. Y-o-y, the ORB was down by 36.1% in nominal terms.

In **real terms** (excluding inflation), the ORB went from $74.70/b in May to $76.97/b in June, a 3.0% decrease m-o-m. Y-o-y, the ORB was down by 35.4% 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

For 2023, world oil demand is foreseen to rise by 2.4 mb/d, slightly adjusted up from last month's estimate of 2.3 mb/d, mainly due to upward revision to China's oil demand in 2Q23. Total oil demand in 2023 is projected to average 102.00 mb/d. In 2Q23, demand is revised up on the back of strong y-o-y oil demand growth in both April and May in China. This was further supported by some improvements in oil requirements in the US and Latin America.

In the OECD region, oil demand in 2023 is anticipated to inch up by 62 tb/d to reach 46.01mb/d. OECD Americas demand is anticipated to have the largest regional rise in 2023, led by the US, on the back of recovering jet fuel demand and improvements in gasoline requirements. Light distillates are also projected to support demand growth this year in the sub-region.

In the non-OECD region, total oil demand is anticipated to rise by around 2.4 mb/d, to reach 55.99 mb/d in 2023, surpassing the pre-pandemic demand level of 2019 by almost 3.4 mb/d. A steady increase in transportation and industrial fuel demand, supported by a recovery in activity in China and other non-OECD regions, is projected to boost demand in 2023.

In 2024, solid global economic growth amid continued improvements in China is expected to boost consumption of oil. World oil demand is anticipated to rise by 2.2 mb/d y-o-y, with total world oil demand projected to average 104.25 mb/d.

In the OECD, oil demand is anticipated to rise by 0.26 mb/d. Oil demand in the US is forecast to reach the pre-pandemic level, mainly due to the recovery in jet fuel requirements and improvements in gasoline and light distillates demand. OECD Europe and the OECD Asia Pacific are anticipated to remain 0.79 mb/d and 0.46 mb/d below pre-pandemic levels, respectively, due to anticipated slower economic activity in the two regions and ongoing supply chain bottlenecks that will weigh on industrial activity, particulary in OECD Europe.

In the non-OECD, oil demand is forecast to show an increase of almost 2.0 mb/d y-o-y in 2024, with China and India having the largest growth by country, supported by a recovery in jet fuel and steady improvements in gasoline and firm industrial fuel demand, including petrochemical feedstock. Other regions particularly the Middle East and Other Asia are also expected to see considerable gains, supported by a positive economic outlook. In terms of fuels, jet kerosene, gasoline and diesel are assumed to lead oil demand growth next year.

Table 4 - 1: World oil demand in 2023*, mb/d

							Change 2023/22	
World oil demand	**2022**	**1Q23**	**2Q23**	**3Q23**	**4Q23**	**2023**	**Growth**	**%**
Americas	25.01	24.58	25.14	25.51	25.09	25.08	0.07	0.28
of which US	*20.43*	*20.12*	*20.52*	*20.75*	*20.37*	*20.44*	*0.01*	*0.04*
Europe	13.50	13.06	13.34	14.07	13.37	13.46	-0.04	-0.31
Asia Pacific	7.43	7.86	7.05	7.27	7.69	7.47	0.03	0.44
Total OECD	**45.95**	**45.49**	**45.52**	**46.85**	**46.16**	**46.01**	**0.06**	**0.13**
China	14.85	15.63	15.96	15.38	16.11	15.77	0.92	6.19
India	5.14	5.40	5.41	5.21	5.50	5.38	0.24	4.75
Other Asia	9.02	9.40	9.65	9.14	9.24	9.35	0.33	3.67
Latin America	6.44	6.60	6.52	6.71	6.68	6.63	0.19	3.02
Middle East	8.29	8.63	8.47	8.86	8.73	8.67	0.38	4.55
Africa	4.40	4.69	4.32	4.43	4.88	4.58	0.18	4.09
Russia	3.56	3.68	3.45	3.59	3.87	3.65	0.09	2.49
Other Eurasia	1.15	1.24	1.16	1.02	1.22	1.16	0.01	1.16
Other Europe	0.77	0.84	0.76	0.75	0.83	0.80	0.03	3.61
Total Non-OECD	**53.62**	**56.12**	**55.70**	**55.11**	**57.05**	**55.99**	**2.38**	**4.43**
Total World	**99.56**	**101.61**	**101.22**	**101.95**	**103.21**	**102.00**	**2.44**	**2.45**
Previous Estimate	99.57	101.55	100.80	102.03	103.25	101.91	2.35	2.36
Revision	0.00	0.06	0.42	-0.08	-0.04	0.09	0.09	0.09

*Note: * 2023 = Forecast. Totals may not add up due to independent rounding.*

Source: OPEC.

Table 4 - 2: World oil demand in 2024*, mb/d

World oil demand	2023	1Q24	2Q24	3Q24	4Q24	2024	Change 2024/23 Growth	%
Americas	25.08	24.76	25.31	25.71	25.25	25.26	0.18	0.72
of which US	*20.44*	*20.12*	*20.66*	*20.91*	*20.51*	*20.58*	*0.14*	*0.70*
Europe	13.46	13.11	13.40	14.14	13.41	13.52	0.06	0.41
Asia Pacific	7.47	7.89	7.07	7.30	7.70	7.49	0.02	0.29
Total OECD	**46.01**	**45.77**	**45.77**	**47.16**	**46.36**	**46.27**	**0.26**	**0.56**
China	15.77	16.20	16.42	16.00	16.78	16.35	0.58	3.68
India	5.38	5.63	5.65	5.44	5.69	5.60	0.22	4.09
Other Asia	9.35	9.66	9.90	9.50	9.60	9.66	0.31	3.31
Latin America	6.63	6.79	6.71	6.93	6.84	6.82	0.19	2.86
Middle East	8.67	8.91	8.91	9.41	8.97	9.05	0.38	4.38
Africa	4.58	4.80	4.51	4.60	5.01	4.73	0.15	3.27
Russia	3.65	3.75	3.56	3.75	3.94	3.75	0.10	2.75
Other Eurasia	1.16	1.27	1.20	1.08	1.28	1.21	0.04	3.81
Other Europe	0.80	0.86	0.77	0.77	0.84	0.81	0.01	1.73
Total Non-OECD	**55.99**	**57.87**	**57.62**	**57.48**	**58.96**	**57.98**	**1.99**	**3.55**
Total World	**102.00**	**103.64**	**103.39**	**104.63**	**105.31**	**104.25**	**2.25**	**2.20**

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

OECD

OECD Americas

Update on the latest developments

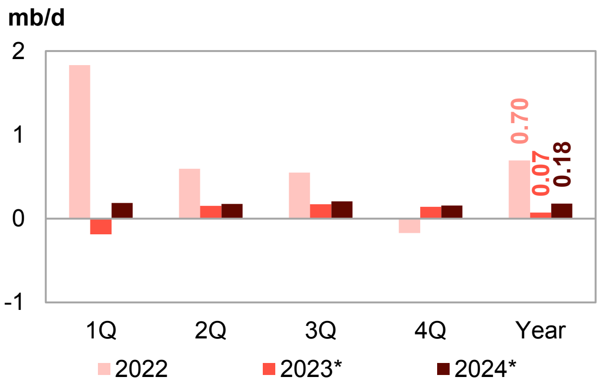
Oil demand in **OECD Americas** grew y-o-y by around 0.3 mb/d, y-o-y, in April, up from a y-o-y decline of about 0.1 mb/d in March. The US accounted for the entire increase in demand in April, as Canada and Mexico recorded annual declines.

Oil demand in the **US** saw y-o-y growth of around 0.5 mb/d in April, after four consecutive months of y-o-y declines. The demand increase was supported by transportation fuels and petrochemical feedstock.

The US services PMI stood at 51.9 in April, having been in the expansion zone for 13-months. However, the manufacturing PMI in April stood at 47.1 points, remaining below 50 for the seventh consecutive month.

At the same time, the seasonally adjusted vehicle miles travelled for April 2023 stood 0.1% above April 2022 and also showed a m-o-m increase of 0.1%.

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



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

Furthermore, the International Air Transport Association's (IATA) Air Passenger Market Analysis reported that domestic air travel in North American carriers grew by 3.0% in April above the levels seen in 2019. For international air travel, North American airlines witnessed substantial annual growth of 34.8% in international revenue passenger kilometres (RPKs), exceeding 2019 levels by 0.4%. The performance of the PMIs and mobility indicators reflect the diverging trends that show gasoline and jet fuel strongly growing y-o-y in April.

In terms of products, US April oil demand was led by gasoline, which recorded y-o-y growth of 0.2 mb/d for the second consecutive month, reflecting the beginning of the summer driving season. LPG also saw y-o-y growth of close to 0.2 mb/d, compared with almost zero growth seen in the previous month. On the back of sustained air travel activity, jet/kerosene posted y-o-y growth of 0.1 mb/d. Gas/diesel oil also increased by 0.1 mb/d, y-o-y, up from an annual decline of close to 0.1 mb/d, y-o-y in March. Residual fuels saw a y-o-y decline of around 0.1 mb/d, a slight improvement fromt the decline of 0.2 mb/d seen in March.

Furthermore, the ´other products´ categories saw a minor increase of 40 tb/d y-o-y, an improvement as compared with a y-o-y decline of 0.1 mb/d in March. Finally, naphtha demand inched up by 10 tb/d, y-o-y, in April, following a y-o-y decline of around the same rate in March.

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

			Change	Apr 23/Apr 22
By product	**Apr 22**	**Apr 23**	**Growth**	**%**
LPG	3.52	3.67	0.15	4.4
Naphtha	0.15	0.16	0.01	4.0
Gasoline	8.75	9.00	0.24	2.8
Jet/kerosene	1.54	1.63	0.09	5.6
Diesel	3.81	3.90	0.09	2.4
Fuel oil	0.30	0.18	-0.13	-42.1
Other products	2.18	2.21	0.04	1.7
Total	**20.25**	**20.74**	**0.49**	**2.4**

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

Near-term expectations

In **3Q23**, overall GDP growth in the US is expected to decline from what was seen in the first half of the year. At the same time, inflation is expected to continue to decline, which, combined with resilient services business activity, is expected to support driving mobility and air travel during the summer. OECD Americas is expected to see y-o-y growth by 0.17 mb/d in the quarter, with most of the growth anticipated to come from the US. Transportation fuels – gasoline and jet kerosene – are anticipated to drive the growth in the region. However, continued weakening manufacturing activity is likely to impact demand for industrial fuels. Accordingly, diesel and petrochemical feedstock are anticipated to remain relatively weak due to the anticipated lower manufacturing and petrochemical sector activity.

In **4Q23**, the momentum of driving mobility will have subsided and the continued weakening of manufacturing activity is expected to impact the demand for industrial fuels. Consequently, the region is projected to grow y-o-y by 0.14 mb/d in this quarter, with most of the growth to come from transportation fuels, particularly, jet/kerosene, and also gasoline, to some degree.

In **2024**, the US is anticipated to see lower GDP growth, as compared to 2023. Despite the expected slowdown low baseline of 1Q23 is causing the region to show growth of 0.2 mb/d y-o-y in 1Q24. The US is anticipated to drive the oil demand growth in the region throughout the year, with manufacturing activity forecast to improve again. In terms of products, jet kerosene and LPG are anticipated to be the main drivers of product demand, as travel and petrochemical activities continue to grow. However, the risks are skewed to the downside with a focus on the macroeconomic performance of the US economy. For the year, OECD Americas is forecast to see oil demand growth of 180 tb/d, and the US is projected to show growth of around 140 tb/d, y-o-y, in 2024.

OECD Europe

Update on the latest developments

Oil demand in OECD Europe declined by 0.1 mb/d y-o-y in April, showing an improvement from the 0.2 mb/d y-o-y drop seen in March. Diesel and naphtha are the only products that contracted in April.

The ongoing macroeconomic challenges in the region are yet to subside. Inflation in the Euro-zone rose to 7.0% in April, up from 6.9% in March. The manufacturing PMI remained in contractionary territory, standing at 45.8 in April, from 47.3 in March. Nevertheless, the PMI for services, the largest sector in the Euro-zone stood in expansion zone of 56.2 points in April, compared with 55 in March. Similarly, Industrial production (IP) in the zone recovered by 0.6% y-o-y in April from a negative y-o-y reading in March.

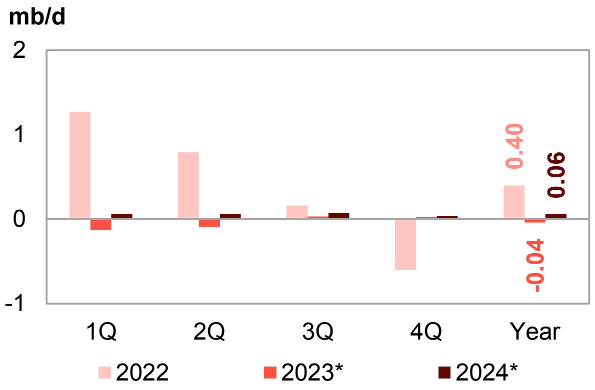
The IATA reported that the region's domestic airline RPKs stood above pre-pandemic levels for the 11th consecutive month, with growth of 6.8% compared to April 2019. Similarly, international RPKs in Europe grew by 22.6% in April, y-o-y.

Diesel demand in the region contracted further by 0.3 mb/d y-o-y, from the 0.2 mb/d level of decline seen in March. Likewise, naphtha also slowed by 60 tb/d, y-o-y, although this was a slight improvement from the 70 tb/d y-o-y decline seen in March.

On the positive side, continued improvements in airline activity supported jet/kerosene to grow by almost 0.2 mb/d, y-o-y, continuing the strong y-o-y growth rates driving overall oil demand in the region. Gasoline saw y-o-y growth of 50 tb/d, down slightly from 60 tb/d y-o-y growth in the previous month.

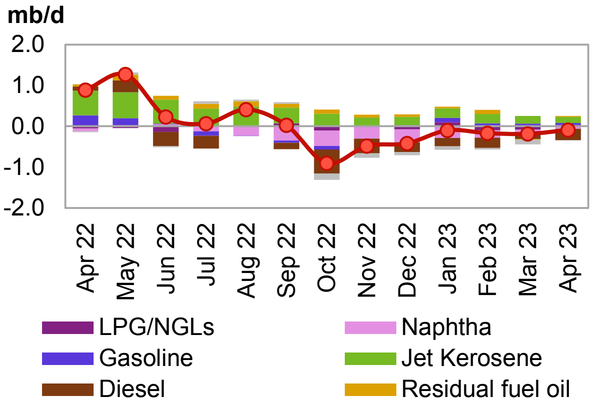
LPG also saw a y-o-y increase by 30 tb/d, up from an about 0.1 mb/d y-o-y decline in March. Finally, residual fuels improved by 20 tb/d, y-o-y and the "other products" category remained flat from showing a 120 tb/d y-o-y decline in the previous month.

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



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

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



Sources: IEA, JODI, OPEC and national sources.

Near-term expectations

In **3Q23**, GDP growth in the region is projected to be positive, albeit lower than what was seen in the previous quarter. Additionally, weakening manufacturing activity is also anticipated to continue due to slow economic activity and supply chain bottlenecks. Oil demand growth in the quarter is anticipated to improve very marginally, at just 30 tb/d, y-o-y growth. It is anticipated to be mainly supported by jet fuel and gasoline requirements. However, diesel and petrochemical feedstock are expected to remain weak.

In **4Q23**, there is little indication of an industrial sector recovery, due to supply chain bottlenecks. Although Euro-zone GDP is anticipated to modestly improve, as compared with the third quarter, nevertheless, the growth in the second half of the year is expected to be entirely driven by the service sector. In this quarter, oil demand is projected to inch up y-o-y by 26 tb/d; mostly driven by jet kerosene and gasoline.

In **2024**, the GDP growth in the region is anticipated to modestly improve, as compared with the growth rates in 2023. Consistent with the expected uptick in GDP growth and relatively healthy performance of the services business activity amid a recovery of the manufacturing sector, oil demand in 1Q24 in OECD Europe is forecast to grow by 57 tb/d, y-o-y. This growth is forecast to be mostly driven by jet fuel, supported by gasoline. However, risks are skewed to the downside, hinging on geopolitical developments and the possibility of an economic recession in the region. For the year, OECD Europe is forecast to show oil demand growth of 55 tb/d, y-o-y.

OECD Asia Pacific

Update on the latest developments

Oil demand in OECD Asia Pacific increased by nearly 0.3 mb/d y-o-y in April, broadly the same as in March. The bulk of oil demand in the region was seen in Japan and Australia. However, South Korea remained soft on the back of weak macroeconomic performance and continued low manufacturing activity.

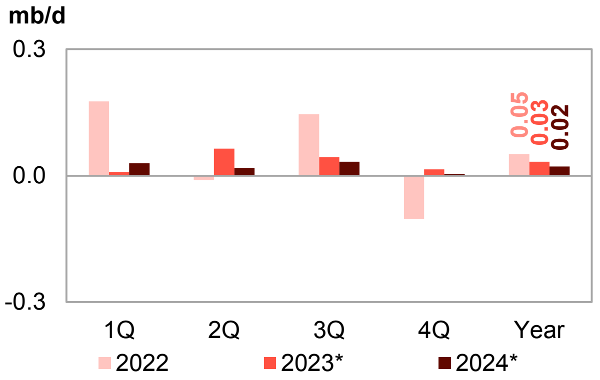
In Japan, the manufacturing PMI stood at 49.5 in April, slightly up from 49.2 points in March. Nevertheless, May figures show a further improvement, with the manufacturing PMI standing at 50.6. Similarly, the services sector PMI, which constitutes around two-thirds of the Japanese economy, rose to 55.4 in April after reaching 55 in March. The services PMI rose further to 55.9 points in May. However, the annual inflation rate in Japan unexpectedly rose to 3.5% in April from 3.2% seen in March.

Australian services PMI rose to 52.6 points in April, compared to 48.2 points in March. However, the manufacturing PMI is still in the contraction zone at 48 points in April. According to the latest data from the Australian Bureau of Statistics (ABS), the monthly Consumer Price Index (CPI) indicator rose 6.8 per cent in April 2023.

The South Korean manufacturing PMI in April was slightly below the 48.7 seen in the previous month. The consumer price index in South Korea increased 3.7% in April from a year ago, compared to a 3.3% rise in March.

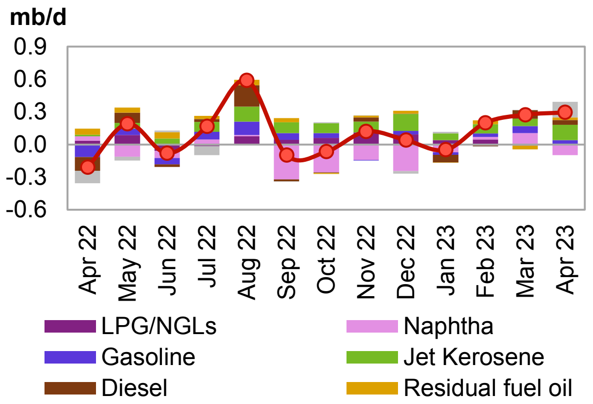
Airline activity in the OECD Asia Pacific region remains healthy, according to a report from IATA, suggesting that Asia Pacific carriers are making significant progress in reclaiming their dominant position in global domestic demand, as demonstrated by an impressive annual increase of 155.3% in domestic RPKs in April 2023. In addition, Asia Pacific airlines have experienced capacity growth outpacing the increase in demand, their available seat kilomenters (ASKs) exceeded the levels observed in April 2019 by 11.1%, highlighting the rapid restoration of capacity by the airlines in the region.

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



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

Graph 4 - 5: OECD Asia Pacific oil demand, y-o-y change



Sources: IEA, JODI, METI and OPEC.

Oil demand in April was driven by the ´other products´ category which posted y-o-y growth of nearly 145 tb/d, compared with zero growth recorded in March. On the back of a steady increase in airline activity in the region, jet/kerosene saw y-o-y growth of more than 140 tb/d, up from 70 tb/d, y-o-y growth seen in March. Diesel saw y-o-y growth of 50 tb/d, down from annual growth of 80 tb/d y-o-y in the previous month. Gasoline recorded y-o-y growth of 40 tb/d down from y-o-y growth of 60 tb/d in March. Finally, residual fuels increased by 20 tb/d y-o-y, compared to an annual decline of 40 tb/d in March.

However, petrochemical feedstock – both naphtha and LPG – showed y-o-y contractions in April, as average run rates at the major naphtha cracking centres had been declining due to the slowdown in the manufacturing and construction sectors that typically drive demand for various petrochemical products.

Near-term expectations

The region’s GDP is projected to remain positive in 2023, with variations among countries. The services and business activity PMIs in Japan and Australia are in the expansion zone, reaching 56 points and 52.6 points, respectively, in June. Furthermore, petrochemical feedstock requirements are likely to get a boost from the opening of the Chinese economy, which will also support the petrochemical industry of the entire region.

In **3Q23**, relatively healthy economic activity in the region, combined with improvements in air traffic and driving mobility and in conjunction with a continued recovery in petrochemical industry operations are anticipated to support oil demand to grow by 44 tb/d y-o-y, mainly driven by jet fuel, and supported by gasoline and petrochemical feedstock.

However, by **4Q23**, the oil demand growth momentum is anticipated to lessen and the region is expected to see y-o-y growth of 15 tb/d.

In **2024**, the growth rate of the region’s GDP is anticipated to remain broadly at 2023 levels. Oil demand in 1Q24 is projected to grow by 30 tb/d, y-o-y, almost twice the expected growth rate in 4Q23. For the year, OECD Asia Pacific oil demand is forecast to grow by 22 tb/d, y-o-y.

Non-OECD

China

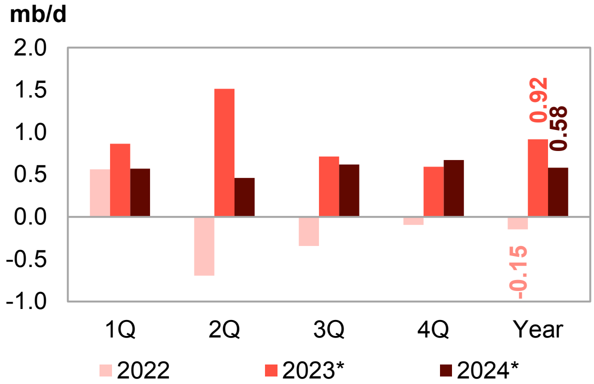
Update on the latest developments

Oil demand in China is estimated to have grown by 2.1 mb/d in May y-o-y, from the 3.1 mb/d y-o-y growth seen last month. Growth in oil demand was supported by a low baseline and healthy economic activity, amid strong petrochemical feedstock requirements.

In May, the services PMI remained in the expansion zone at 56.4, reflecting strong momentum in services and business activity. Similarly, the manufacturing PMI has just moved back into expansionary territory in May to stand at 50.9, after it had fallen into contractionary territory in April. Furthermore, the China National Bureau of Statistics shows that in May, the value added of the manufacturing industry increased by 4.1% y-o-y; in particular, the manufacture of automobiles increased by 23.8% y-o-y.

Road travel increased by 22% in May. Similarly, air travel activity remained healthy. A report from China's Civil Aviation Industry in May indicates that domestic passenger volume in China increased y-o-y by 315% and international passenger volume soared by 1,868%.

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



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

Moreover, IATA reports that domestic air travel ticket sales increased significantly in April, driven by pent-up demand and domestic tourism in China. By the end of April, domestic bookings reached their peak, surpassing the 2019 sales levels by 11%.

On the back of steady air travel recovery, jet/kerosene led oil demand in May with over 0.5 mb/d, y-o-y growth. Steady mobility activity during May supported gasoline to grow by nearly 0.4 mb/d, y-o-y. Furthermore, diesel increased by almost 0.3 mb/d, y-o-y. It should be noted that diesel is consumed in industry as well as in freight, fuelling trucks and commercial vehicles in construction and agricultural sector activity. Steady petrochemical sector requirements supported LPG to grow y-o-y by more than 0.3 mb/d. Furthermore, naphtha saw y-o-y growth of almost 0.2 mb/d, the same as the growth in April. Finally, residual fuels saw y-o-y growth of 0.3 mb/d, while the "other fuels" category increased by 0.1 mb/d, broadly the same as seen the previous month of April.

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

			Change	*May 23/May 22*
By product	**May 22**	**May 23**	**Growth**	**%**
LPG	2.46	2.77	0.32	13.0
Naphtha	1.42	1.59	0.17	12.0
Gasoline	3.28	3.65	0.37	11.2
Jet/kerosene	0.54	1.08	0.54	100.6
Diesel	3.45	3.73	0.28	8.0
Fuel oil	0.64	0.96	0.32	50.8
Other products	3.30	3.39	0.09	2.7
Total	**15.07**	**17.16**	**2.08**	**13.8**

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

Near-term expectations

China's GDP growth is anticipated to remain firm at 5.2% throughout **2023**. Similarly, the road transportation index and domestic available seat kilometres (ASK) in China were already 13.6% above their 2019 levels in March 2023, while domestic revenue passenger kilometres (RPKs) in April were only 3.3% below the same month in 2019, and international flights are approaching 50% of 2019 in April.

Petrochemical feedstock demand is healthy,with more petrochemical plants expected to come on stream including the Yantai, and Shandong Petrochemical plants. These factors are anticipated to support oil demand to grow by 0.7 mb/d, y-o-y in 3Q23 and 0.6 mb/d, y-o-y in 4Q23, respectively.

In **2024**, China's GDP growth is forecast at 4.8%, a slight deceleration from 2023, but still posing a considerable contribution to overall global GDP growth. Furthermore, a significant rise in the services sector activity, including leisure, travel and tourism, and hospitality as well as the continued recovery of manufacturing activity and the petrochemical sectors' requirements are expected to support oil demand. In line with this projected positive dynamic, oil demand is forecast to grow by nearly, 0.6 mb/d in 1Q24. Jet fuel will again drive oil demand growth in this quarter, with millions of air passengers expected to support air travel activity for local and business travellers from and into China. Light distillates are also expected to continue rising, with the ongoing expansion of petrochemical industries. Increased mobility and rising construction activity will boost demand for gasoline and diesel. For the year, China's oil demand is forecast to grow by 0.6 mb/d y-o-y.

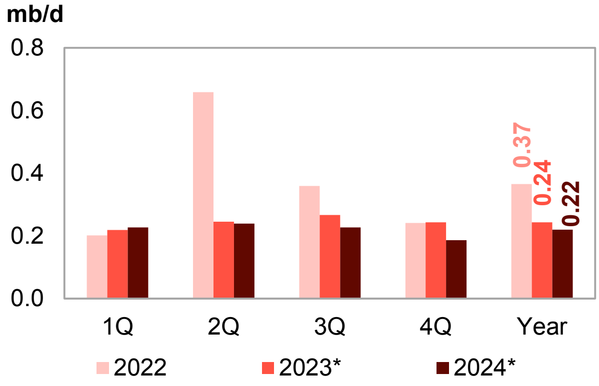
India

Update on the latest developments

Oil demand in India soared by nearly 0.5 mb/d, y-o-y, equivalent to 9.5%, in May, following an annual decline of 10 tb/d in April.

Both the manufacturing and services sectors in India have been in expansion territory to support oil demand for over one year. The S&P Global services PMI indicated ongoing strong momentum standing at 61.2 in May, after reaching 62 in April. Similarly, the manufacturing PMI reached a strong 58.7 in May, compared with 57.2 in April.

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



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

According to the Indian automotive content creator, autopunditz.com, India's car sales in May 2023 saw positive growth across most of the top-selling automakers, with sales increasing by over 13% when compared to May last year. Similarly, a report from business-standard.com shows that India's domestic air passenger traffic was strong in May, up 2.3% from April, 15% higher than a year earlier ,and 8% higher than pre-COVID levels.

On the back of healthy manufacturing, mining and agricultural activity, diesel saw y-o-y growth of 0.2 mb/d for the second consecutive month. Gasoline and naphtha improved y-o-y by 0.1 mb/d, each in May as compared with 20 tb/d and 30 tb/d, y-o-y growth, respectively, in April. Increasing household requirements supported LPG to see y-o-y growth of 70 tb/d, up from zero y-o-y growth seen in April. Furthermore, jet/kerosene and residual fuel saw slight y-o-y growth of 10 tb/d each, down from an annual increase of 20 tb/d, each. However, the ´other products´ category softened by 10 tb/d, y-o-y, albeit showing an improvement from a 0.3 mb/d, y-o-y, decline in April.

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

			Change May 23/May 22	
By product	**May 22**	**May 23**	**Growth**	**%**
LPG	0.84	0.91	0.07	8.5
Naphtha	0.26	0.34	0.09	33.8
Gasoline	0.85	0.94	0.09	10.7
Jet/kerosene	0.19	0.20	0.01	6.4
Diesel	1.77	1.99	0.22	12.4
Fuel oil	0.16	0.16	0.01	3.5
Other products	0.97	0.96	-0.01	-1.0
Total	**5.03**	**5.51**	**0.48**	**9.5**

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

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

Near-term expectations

Looking forward, with steady and healthy economic activity and ongoing air travel recovery so far, India's demand for oil products is anticipated to remain strong for the rest of 2023.

In **3Q23**, oil demand is projected to rise by nearly 0.3 mb/d y-o-y. The government's proposed increase in capital spending is expected to boost the momentum of economic activity as construction and manufacturing activity accelerates. These factors, combined with a steady rise in airline activity, will support healthy oil demand growth. However, oil demand is anticipated to be affected by the impact of the monsoon season from July to September.

In **4Q23**, oil demand growth is expected to decelerate to slightly above 0.2 mb/d, with transportation fuels, notably gasoline, transportation diesel and jet/kerosene, expected to drive oil demand growth.

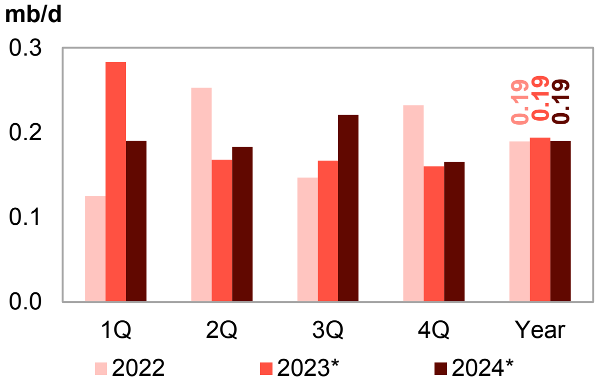
In **2024**, India is projected to record even better GPD growth than in 2023. Further, the ongoing steady services business activity, including air travel recovery and mobility as well as manufacturing and agricultural activity are expected to support oil demand in 1Q24 to grow by over 0.2 mb/d y-o-y in this quarter, diesel is anticipated to be the major driver of the demand growth, supported by transportation fuels; jet /kerosene and gasoline. For the year, India's oil demand is forecast at 0.2 mb/d y-o-y.

Latin America

Update on the latest developments

Oil demand in Latin America increased y-o-y by 0.2 mb/d in April, down from 0.4 mb/d y-o-y growth seen in March. Brazil and Venezuela were the main drivers of oil demand in the region, while Argentina unexpectedly recorded a very minor y-o-y decline, from healthy annual growth in the previous month.

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



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

The annual inflation rate in Brazil fell slightly to 4.18% in April from 4.2% the previous month, the lowest since October 2020 and slightly above market forecasts of 4.1%. The services PMI in Brazil rose from 51.7 points in March to 54.5 points in April. However, the manufacturing PMI index in April contracted further to 44.3 from 46.9 points in March.

Latin American airline carriers continued to outperform their pre-pandemic levels in terms of domestic RPKs.

In April, airline carriers in Latin America saw growth of 7.5% y-o-y. Similarly, international RPKs grew by 25.8% y-o-y. For the fourth consecutive month, gasoline was the main driver of oil demand in the region, growing by around 0.1 mb/d y-o-y, supported by a recovery in mobility. Residual fuels also saw more than 0.1 mb/d y-o-y growth in April, broadly the same as what was seen in the previous month. Finally, jet/kerosene saw y-o-y growth of 40 tb/d, up slightly from the 30 tb/d seen in March. In terms of petrochemical feedstock, LPG saw a y-o-y decline of 10 tb/d and demand for naphtha remained broadly flat y-o-y in April.

Near-term expectations

In **3Q23** and **4Q23**, GDP growth for the region is anticipated to remain positive. The services PMI in Brazil, one of the major oil-consuming countries in the region, has been steadily in expansion zone for more than one year. These factors are anticipated to support the demand for transportation fuels. Accordingly, jet fuel and gasoline are forecast to be the main drivers for oil demand growth in the quarters. Additionally, expected manufacturing activity improvements and petrochemical feedstock requirements should support demand for distillates. Oil demand is projected to grow y-o-y by nearly 0.2 mb/d, in both 3Q23 and 4Q23.

In **2024**, the GDP of the region is projected to remain at the previous year's growth rate. Furthermore, services business activity is expected to continue improving. Mobility and air travel improvements are expected to support transportation fuel demand to continue with greater momentum to show y-o-y growth of almost 0.2 mb/d y-o-y in 1Q24. The outlook for oil demand growth sees transportation fuels grow the most, followed by diesel and petrochemical feedstock. For the year, Latin America's oil demand is forecast to grow by 0.2 mb/d y-o-y.

Middle East

Update on the latest developments

The **Middle East** saw oil demand growth of 0.2 mb/d y-o-y in April. Demand growth was mostly led by requirements for electricity generation in Iraq.

The composite purchasing managers' indices (PMIs) for April reported by Haver Analytics, reflect continuing acceleration in the two major economies of the region, suggesting ongoing strong economic activity. Saudi Arabia's composite PMI rose to 59.9 points in April, from 58 points in March and the UAE posted a strong composite PMI of 55.7 points in April.

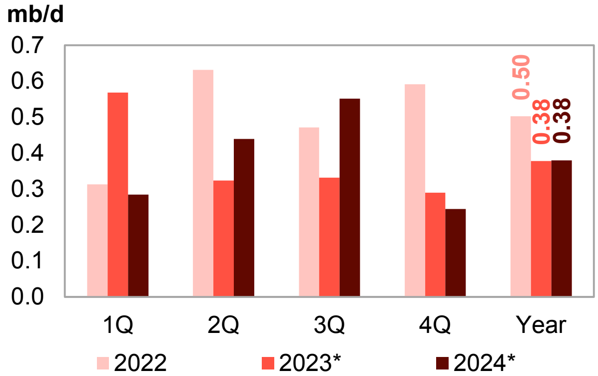
Similarly, IATA reported that Middle Eastern airline carriers have made remarkable progress in recovering international RPKs, achieving growth rates of 38.0% y-o-y in April.

With regard to oil products in the region in April, residual fuels are the main driver of oil demand in April, growing y-o-y by nearly 0.1 mb/d, slightly up from the previous month.

Gasoline saw y-o-y growth of 40 tb/d and the ´other products´ category saw y-o-y growth of 30 tb/d. Jet/kerosene demand grew by 20 tb/d, y-o-y. Furthermore, petrochemical feedstock, LPG and naphtha, saw slight y-o-y growth of 14 tb/d and 5 tb/d, y-o-y, respectively.

Finally, gas/diesel oil showed a minor decline of 10 tb/d y-o-y in April, a considerable drop from the 0.1 mb/d y-o-y growth recorded in the previous month.

Graph 4 - 9: Middle East's oil demand, y-o-y change



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

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

By product	May 22	May 23	Change Growth	May 23/May 22 %
LPG	0.06	0.06	0.01	9.2
Naphtha	0.00	0.00	0.00	117.9
Gasoline	0.18	0.19	0.01	3.7
Jet/kerosene	0.01	0.01	0.00	-26.0
Diesel	0.15	0.15	0.00	0.8
Fuel oil	0.18	0.24	0.07	37.0
Other products	0.16	0.23	0.07	47.1
Total	**0.74**	**0.89**	**0.15**	**20.6**

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

Sources: JODI and OPEC.

Near-term expectations

Ongoing steady economic activity combined with strong composite PMIs in the major consuming countries in the region amid a strong rebound in airline activity, are expected to support oil demand in the region to grow by nearly 0.3 mb/d, y-o-y in **3Q23** and **4Q23**. Moreover, demand growth in the region is expected to be supported by fuel oil for electricity generation in Iraq and Saudi Arabia, particularly in the hot summer months, combined with an increase in activity during the Hajj pilgrimage in June and July.

In **2024**, the GDP of the region is projected to remain strong, broadly in line with the 2023 rates of growth for all the major consuming countries of the region. The momentum of oil demand growth in 4Q23 is anticipated to spill into the first quarter of next year. Accordingly, in 1Q24, the region is anticipated to see y-o-y growth by about 0.3 mb/d. Transportation fuels – gasoline, transportation diesel and jet kerosene – are expected to be the main drivers of oil demand. Similarly, the´other products ´category for electricity generation is also anticipated to play a significant role in demand growth. The bulk of the demand growth is expected from Iraq and Saudi Arabia. For the year, oil demand in the Middle East is forecast to grow by 0.4 mb/d, y-o-y.

World Oil Supply

Non-OPEC liquids production in 2023 is expected to grow y-o-y by 1.4 mb/d to an average of 67.1 mb/d. This is broadly unchanged from last month. Slight downward revisions to OECD Europe, OECD Asia Pacific and Other Asia were largely offset by upward revisions to liquids production in OECD Americas.

US crude oil and condensate production in April 2023 was just 100 tb/d less than March levels, but still very robust. It was 8% more than the same month a year earlier. At the same time, NGLs production in April was up y-o-y by 8%, representing the highest level on record. However, the overall oil rig count has now dropped for several consecutive weeks, leading to a possible lower growth expectation for 2H23. Nonetheless, gradual and steady growth is currently expected for US shale oil production throughout the year. Accordingly, US liquids supply growth for 2023 is forecast at 1.1 mb/d. In the North Sea region, output growth has been revised down slightly following the continued underperformance of the UK. The main growth drivers for 2023 are anticipated to be the US, Brazil, Norway, Canada, Kazakhstan and Guyana, whereas oil production is forecast to decline primarily in Russia. Nevertheless, there remain uncertainties related to US shale oil output potential and unplanned maintenance across the rest of the year.

Non-OPEC liquids production in 2024 is forecast to grow by 1.4 mb/d to average 68.5 mb/d (including 50 tb/d in processing gains). OECD liquids supply is forecast to increase next year by 0.9 mb/d, and the non-OECD region is projected to grow by 0.4 mb/d. The main drivers for liquids supply growth are expected to be the US, Canada, Guyana, Brazil, Norway and Kazakhstan, with the majority of the increase expected to come from current project ramp-ups. At the same time, production is forecast to see the largest declines in Mexico and Azerbaijan.

OPEC NGLs and non-conventional liquids production in 2023 is forecast to grow by around 50 tb/d to an average of 5.4 mb/d. For 2024, it is forecast to grow by 65 tb/d to an average of 5.5 mb/d. OPEC-13 crude oil production in June increased by 91 tb/d m-o-m to average 28.19 mb/d, according to available secondary sources.

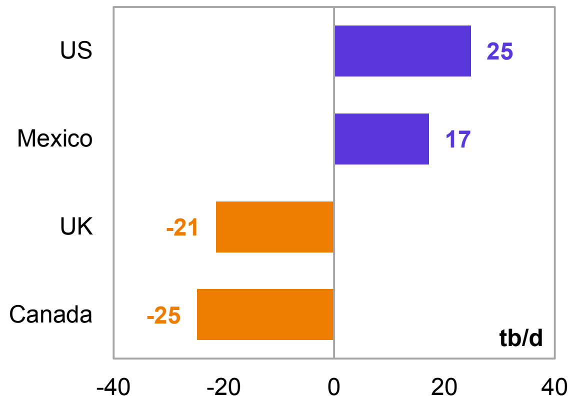
Non-OPEC liquids production in June, including OPEC NGLs, is estimated to have risen m-o-m by 0.5 mb/d to an average of 73.0 mb/d. This is up by 2.7 mb/d y-o-y. As a result, preliminary data indicates that June's global oil supply increased by 0.6 mb/d m-o-m to average 101.2 mb/d, up by 2.2 mb/d y-o-y.

Non-OPEC liquids production in 2023 is forecast to expand by 1.4 mb/d. This is down slightly by 20 tb/d from the previous month's growth assessment, mainly due to some downward revisions in OECD Europe.

Overall **OECD supply growth** expectations for 2023 revised down slightly. While OECD Europe and OECD Asia Pacific saw downward revisions, OECD Americas was revised up due to the US and Mexico.

Non-OECD supply growth projections for 2023 have been broadly unchanged. It is now expected to drop y-o-y by 0.1 mb/d.

Graph 5 - 1: Major revisions to annual supply change forecast in 2023*, MOMR Jul 23/Jun 23

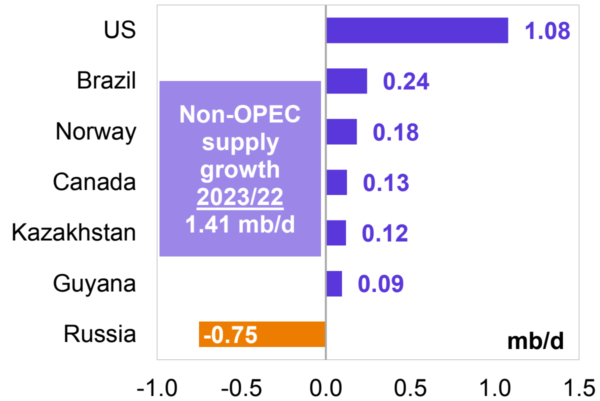


*Note: * 2023 = Forecast. Source: OPEC.*

Key drivers of growth and decline

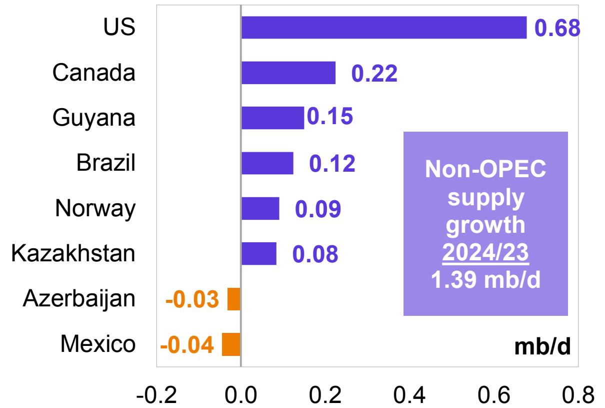
The **key drivers of non-OPEC liquids supply growth in 2023** are projected to be the US, Brazil, Norway, Canada, Kazakhstan and Guyana, while oil production is projected to see the largest decline in Russia.

Graph 5 - 2: Annual liquids production changes y-o-y for selected countries in 2023*



*Note: * 2023 = Forecast. Source: OPEC.*

Graph 5 - 3: Annual liquids production changes y-o-y for selected countries in 2024*



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

For **2024**, the key drivers of non-OPEC supply growth are forecast to be the US, Canada, Guyana, Brazil, Norway and Kazakhstan, while oil production is projected to see the largest declines in Mexico and Azerbaijan.

Non-OPEC liquids production in 2023 and 2024

Table 5 - 1: Non-OPEC liquids production in 2023*, mb/d

Non-OPEC liquids production	2022	1Q23	2Q23	3Q23	4Q23	2023	Change 2023/22 Growth	%
Americas	26.84	27.88	27.95	28.22	28.42	28.12	1.28	4.77
of which US	*19.21*	*20.08*	*20.29*	*20.34*	*20.45*	*20.29*	*1.08*	*5.63*
Europe	3.57	3.66	3.63	3.80	3.94	3.76	0.18	5.17
Asia Pacific	0.48	0.45	0.45	0.48	0.47	0.46	-0.01	-2.83
Total OECD	**30.89**	**32.00**	**32.03**	**32.50**	**32.84**	**32.34**	**1.45**	**4.69**
China	4.48	4.63	4.63	4.50	4.50	4.56	0.09	1.91
India	0.77	0.76	0.77	0.78	0.78	0.78	0.00	0.32
Other Asia	2.30	2.31	2.31	2.33	2.36	2.33	0.03	1.20
Latin America	6.34	6.69	6.71	6.70	6.79	6.72	0.38	6.06
Middle East	3.29	3.27	3.29	3.29	3.30	3.29	0.00	0.02
Africa	1.29	1.25	1.28	1.32	1.31	1.29	0.00	0.00
Russia	11.03	11.20	10.83	9.55	9.57	10.28	-0.75	-6.82
Other Eurasia	2.83	3.00	2.96	2.95	2.98	2.97	0.14	4.99
Other Europe	0.11	0.11	0.11	0.11	0.10	0.11	0.00	-0.85
Total Non-OECD	**32.44**	**33.23**	**32.89**	**31.54**	**31.69**	**32.33**	**-0.11**	**-0.34**
Total Non-OPEC production	63.34	65.23	64.92	64.04	64.53	64.68	1.34	2.11
Processing gains	2.40	2.47	2.47	2.47	2.47	2.47	0.07	2.96
Total Non-OPEC liquids production	**65.73**	**67.69**	**67.39**	**66.51**	**67.00**	**67.14**	**1.41**	**2.15**
Previous estimate	65.74	67.75	66.99	66.73	67.24	67.17	1.43	2.18
Revision	-0.01	-0.05	0.39	-0.22	-0.24	-0.03	-0.02	-0.03

*Note: * 2023 = Forecast. Totals may not add up due to independent rounding.*

Source: OPEC.

Table 5 - 2: Non-OPEC liquids production in 2024*, mb/d

Non-OPEC liquids production	2023	1Q24	2Q24	3Q24	4Q24	2024	Change 2024/23 Growth	%
Americas	28.12	28.64	28.67	29.14	29.45	28.98	0.86	3.05
of which US	*20.29*	*20.62*	*20.85*	*21.11*	*21.28*	*20.97*	*0.68*	*3.34*
Europe	3.76	3.94	3.79	3.79	3.90	3.85	0.10	2.54
Asia Pacific	0.46	0.47	0.44	0.45	0.44	0.45	-0.01	-2.87
Total OECD	**32.34**	**33.05**	**32.90**	**33.39**	**33.79**	**33.28**	**0.94**	**2.90**
China	4.56	4.58	4.57	4.54	4.54	4.56	-0.01	-0.11
India	0.78	0.79	0.79	0.79	0.78	0.79	0.01	1.70
Other Asia	2.33	2.31	2.28	2.26	2.26	2.28	-0.05	-2.33
Latin America	6.72	6.89	6.96	7.09	7.17	7.03	0.31	4.55
Middle East	3.29	3.34	3.33	3.32	3.32	3.32	0.04	1.14
Africa	1.29	1.31	1.34	1.37	1.38	1.35	0.05	4.06
Russia	10.28	10.10	10.22	10.35	10.46	10.28	0.00	-0.01
Other Eurasia	2.97	3.03	3.02	3.00	3.04	3.02	0.05	1.79
Other Europe	0.11	0.10	0.10	0.10	0.10	0.10	0.00	-1.13
Total Non-OECD	**32.33**	**32.44**	**32.61**	**32.82**	**33.05**	**32.73**	**0.40**	**1.24**
Total Non-OPEC production	64.68	65.50	65.52	66.20	66.83	66.01	1.34	2.07
Processing gains	2.47	2.52	2.52	2.52	2.52	2.52	0.05	2.03
Total Non-OPEC liquids production	**67.14**	**68.01**	**68.03**	**68.72**	**69.35**	**68.53**	**1.39**	**2.07**

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

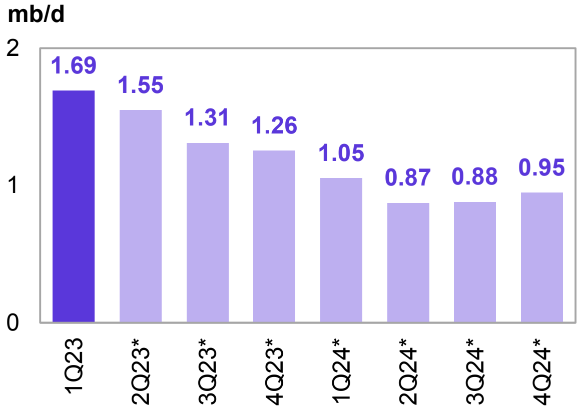
Source: OPEC.

OECD

OECD liquids production in 2023 is forecast to expand by 1.5 mb/d to an average of 32.3 mb/d. This is revised lower by a 12 tb/d, mainly due to downward revisions in OECD Europe and OECD Asia Pacific.

Growth is set to be led by OECD Americas, which is forecast to expand by 1.3 mb/d to an average of 28.1 mb/d. This is an upward revision of 15 tb/d compared with last month's assessment, due to higher expected growth in the US and Mexico. Yearly liquids production in OECD Europe is anticipated to grow by 0.2 mb/d to an average of 3.8 mb/d. This is down by 17 tb/d compared with the previous month. OECD Asia Pacific is expected to drop by around 10 tb/d to an average of 0.5 mb/d.

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



*Note: * 2Q23-4Q24 = Forecast. Source: OPEC.*

For **2024**, oil production in the OECD is likely to grow by 0.9 mb/d to an average of 33.3 mb/d. Again, the growth will be led by OECD Americas, with an expected increase of 0.9 mb/d to an average of 29.0 mb/d. Yearly oil production in OECD Europe is anticipated to grow by 0.1 mb/d to an average of 3.9 mb/d, while OECD Asia Pacific is expected to decline by 13 tb/d y-o-y to an average of 0.5 mb/d.

OECD Americas

US

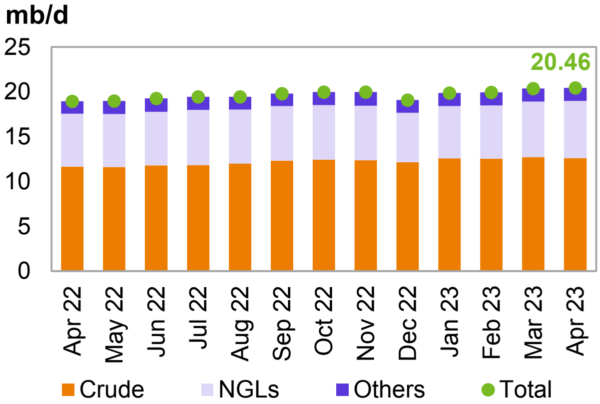
US liquids production in **April** rose m-o-m by 63 tb/d to an average of 20.5 mb/d, the highest level on record. This was up by 1.5 mb/d compared with April 2022.

Crude oil and condensate production dropped m-o-m by 102 tb/d in **April 2023** to average 12.6 mb/d. This was up y-o-y by 0.9 mb/d.

In terms of the **crude and condensate production breakdown by region (PADDs)**, production decreased mainly in the US Gulf Coast (USGC) region, which dropped by 134 tb/d to an average of 9.1 mb/d. Production in the Midwest and Rocky Mountain regions, rose by around 15 tb/d each, to 1.7 mb/d and 0.9 mb/d, respectively. Output in the East Coast and West Coast remained broadly unchanged m-o-m.

Onshore production growth in the main regions was primarily driven by a strong recovery in New Mexico and Colorado fields, while offshore output in the Gulf of Mexico (GoM) declined.

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



Sources: EIA and OPEC.

NGLs production was up m-o-m by 162 tb/d to an average of 6.4 mb/d in April. This was higher y-o-y by 0.5 mb/d. According to the US Department of Energy (DoE), production of **non-conventional liquids** (mainly ethanol) remained chiefly unchanged at an average of 1.5 mb/d. Preliminary estimates see non-conventional liquids averaging around 1.5 mb/d in May, largely unchanged from April.

GoM production fell m-o-m by 138 tb/d to an average of 1.7 mb/d in April. Normal production was seen in most Gulf Coast offshore platforms with the exceptions being Shell's Mars and BP's Thunder Horse platforms due to planned maintenance. In the **onshore Lower 48**, crude and condensate production increased m-o-m by 37 tb/d to an average of 10.4 mb/d in April.

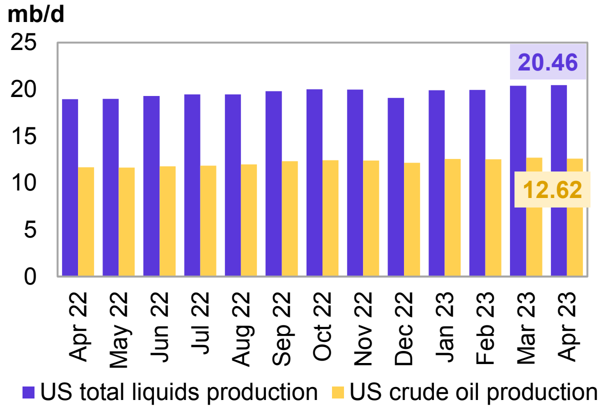
Table 5 - 3: US crude oil production by selected state and region, tb/d

				Change	
State	**Apr 22**	**Mar 23**	**Apr 23**	**m-o-m**	**y-o-y**
Texas	5,016	5,412	5,398	*-14*	*382*
New Mexico	1,514	1,838	1,857	*19*	*343*
Gulf of Mexico (GOM)	1,765	1,872	1,734	*-138*	*-31*
North Dakota	899	1,092	1,102	*10*	*203*
Colorado	440	433	450	*17*	*10*
Oklahoma	417	433	440	*7*	*23*
Alaska	442	435	434	*-1*	*-8*
Total	**11,668**	**12,717**	**12,615**	***-102***	***947***

Sources: EIA and OPEC.

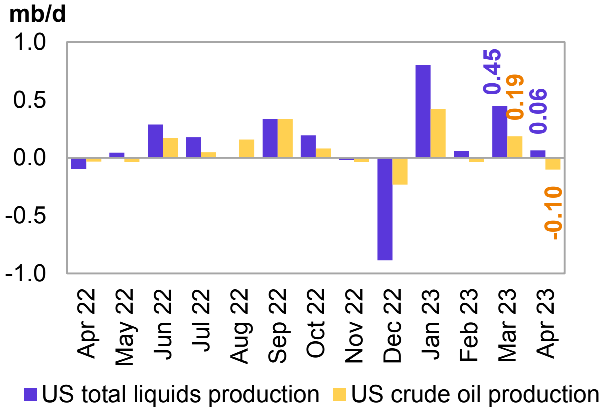
Looking at **individual states**, New Mexico's oil production rose by 19 tb/d to an average of 1.9 mb/d, which is 343 tb/d higher than a year ago. Production from Texas was down by 14 tb/d to an average of 5.4 mb/d, which is 382 tb/d higher than a year ago. In the Midwest, North Dakota's production rose m-o-m by 10 tb/d to an average of 1.1 mb/d, up y-o-y by 203 tb/d. Oklahoma's production was up m-o-m by 7 tb/d to an average of 0.4 mb/d. Production in Alaska remained largely unchanged, while output in Colorado rose m-o-m by 17 tb/d.

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



Sources: EIA and OPEC.

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



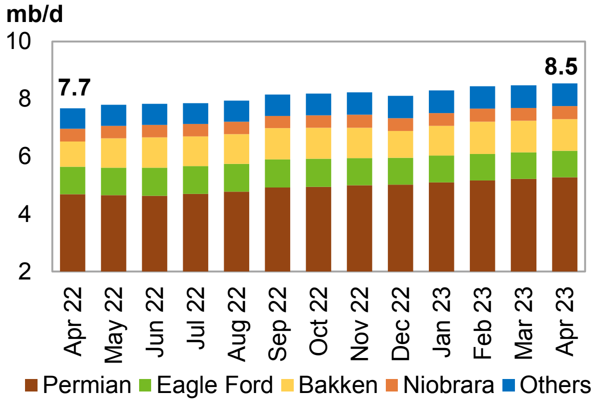
Sources: EIA and OPEC.

US tight crude output in **April** is estimated to have risen m-o-m by 67 tb/d to an average of 8.5 mb/d, according to the latest estimate from the US Energy Information Administration (EIA). This was 0.9 mb/d higher than in the same month last year.

The m-o-m increase from shale and tight formations using horizontal wells came mainly from Permian shale production in Texas and New Mexico, where output rose by 53 tb/d to an average of 5.3 mb/d. This was up y-o-y by 594 tb/d.

In North Dakota, Bakken shale oil output rose m-o-m by a minor 8 tb/d to an average of 1.1 mb/d, up by 225 tb/d y-o-y. Tight crude output at Eagle Ford in Texas dropped by a minor 4 tb/d to an average of 0.9 mb/d, which is down y-o-y by 43 tb/d. Production in Niobrara-Codell in Colorado and Wyoming was up by 10 tb/d to an average of 0.5 mb/d.

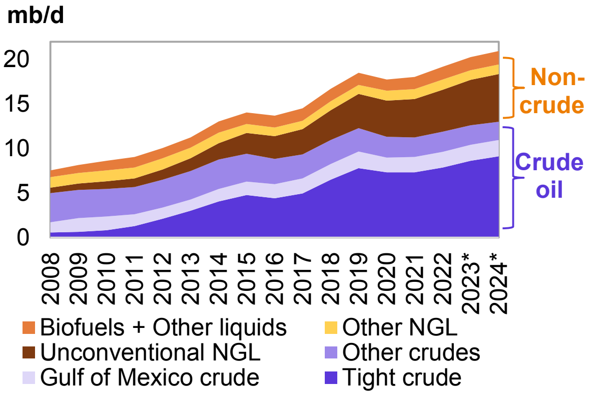
Graph 5 - 8: US tight crude output breakdown



Sources: EIA and OPEC.

US liquids production in 2023, excluding processing gains, is forecast to expand y-o-y by 1.1 mb/d to an average of 20.3 mb/d. This is up by 25 tb/d compared with the previous assessment. Higher-than-expected output in April was partially compensated by a lower forecast for the rest of the year. Better drilling activity and fewer supply chain/logistical issues in the prolific Permian, Eagle Ford and Bakken shale sites are still assumed for the remainder of 2023. Given a sound level of oil field drilling and well completions, **crude oil and condensate** output is anticipated to increase y-o-y by 0.7 mb/d to average 12.6 mb/d. Average tight crude output in 2023 is forecast at 8.6 mb/d, up y-o-y by 0.7 mb/d. At the same time, NGLs production and non-conventional liquids, particularly ethanol, are forecast to increase y-o-y by 0.3 mb/d and 40 tb/d, to average 6.2 mb/d and 1.5 mb/d, respectively.

Graph 5 - 9: US liquids supply developments by component



*Note: * 2023 and 2024 = Forecast.*
Source: OPEC.

US liquids production in 2024, excluding processing gains, is expected to grow y-o-y by 0.7 mb/d to average 21.0 mb/d, assuming a modest level of drilling activities and less supply chain issues in the prolific Permian, Bakken and Eagle Ford shale sites. Crude oil output is anticipated to jump by 0.4 mb/d y-o-y to an average of 13.0 mb/d. At the same time, NGLs production and non-conventional liquids, particularly ethanol, are projected to increase by 0.2 mb/d and 30 tb/d y-o-y to average 6.4 mb/d and 1.5 mb/d, respectively. Average tight crude output in 2024 is expected at 9.1 mb/d, up by 0.5 mb/d.

The 2024 forecast assumes ongoing capital discipline, less inflationary pressure, as well as moderating supply chain issues and oil field service constraints (labour and equipment).

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

US liquids	2022	Change 2022/21	2023*	Change 2023/22	2024*	Change 2024/23
Tight crude	7.89	0.55	8.62	0.73	9.12	0.50
Gulf of Mexico crude	1.74	0.04	1.83	0.09	1.85	0.02
Conventional crude oil	2.25	0.05	2.16	-0.09	2.06	-0.10
Total crude	**11.89**	**0.63**	**12.61**	**0.72**	**13.03**	**0.43**
Unconventional NGLs	4.74	0.43	5.11	0.37	5.36	0.25
Conventional NGLs	1.14	0.02	1.09	-0.05	1.06	-0.03
Total NGLs	**5.88**	**0.46**	**6.20**	**0.31**	**6.42**	**0.22**
Biofuels + Other liquids	1.44	0.08	1.48	0.04	1.52	0.03
US total supply	**19.21**	**1.17**	**20.29**	**1.08**	**20.97**	**0.68**

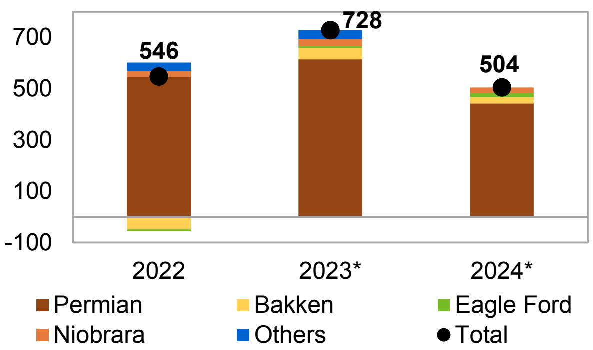
*Note: * 2023 and 2024 = Forecast.*

Sources: EIA, OPEC and Rystad Energy.

US tight crude production in the **Permian** in 2023 is expected to increase y-o-y by 0.6 mb/d to 5.3 mb/d. It is forecast to grow y-o-y by 0.4 mb/d to an average of 5.8 mb/d in 2024.

The **Bakken** shale production decline that occurred in 2020 and 2021 continued in 2022. In addition to several weather-related outages, drilling activity in **North Dakota** is still expected to be lower than levels required to substantially recover output. In 2023, however, growth is forecast to resume, albeit at just 45 tb/d to an average of 1.1 mb/d. Growth of 25 tb/d for 2024 is anticipated, to average 1.1 mb/d. However, this is still well below the pre-pandemic average of 1.4 mb/d.

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



*Note: * 2023 and 2024 = Forecast.*
Sources: EIA and OPEC.

The **Eagle Ford** in Texas saw an output of 1.2 mb/d in 2019, followed by declines in the period 2020 to 2022. Growth is now forecast for 2023, but at just around 6 tb/d to average 0.96 mb/d. Similar marginal growth is expected for 2024, with an increase of 16 tb/d to average 0.98 mb/d.

Niobrara's production is expected to have grown y-o-y by 29 tb/d in 2023 to an average of 466 tb/d. It is then forecast to increase by 21 tb/d in 2024 to an average of 486 tb/d. Given the slower pace of drilling and completion activities, production in other shale plays is expected to show a marginal increase of 30 tb/d in 2023 and then remain steady in 2024.

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

US tight oil	2022	Change 2021/20	2023*	Change 2023/22	2024*	Change 2024/23
Permian tight	4.74	0.55	5.35	0.61	5.79	0.44
Bakken shale	1.03	-0.05	1.07	0.04	1.10	0.02
Eagle Ford shale	0.95	-0.01	0.96	0.01	0.98	0.02
Niobrara shale	0.44	0.02	0.47	0.03	0.49	0.02
Other tight plays	0.73	0.03	0.77	0.03	0.77	0.00
Total	**7.89**	**0.55**	**8.62**	**0.73**	**9.12**	**0.50**

*Note: * 2023 and 2024 = Forecast.*

Source: OPEC.

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

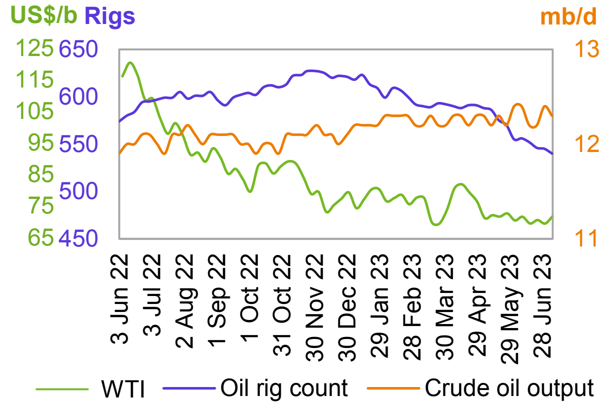
Total **active US drilling rigs** in the week ending 30 June 2023 fell by 8 to 674, according to Baker Hughes. This was down by 76 rigs compared with a year ago. The number of active offshore rigs remained steady w-o-w at 19. This was higher by two compared with the same month a year earlier. Onshore oil and gas rigs were lower w-o-w by 8 to stand at 653 rigs, with two rigs in inland waters. This is down by 77 rigs y-o-y.

The **US horizontal rig count** fell w-o-w by 7 to 606, compared with 682 horizontal rigs a year ago. The number of drilling rigs for oil dropped w-o-w by one to 545. At the same time, gas-drilling rigs fell w-o-w by six to 124.

The Permian's rig count remained steady w-o-w at 341. Rig counts dropped by one in Williston to 34, but rose by one in Eagle Ford to 61. The rig counts remained unchanged w-o-w in Cana Woodford and DJ-Niobrara at 23 and 14, respectively.

One operating oil rig remained in the Barnett basin, unchanged w-o-w, but this was down by one compared with May.

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



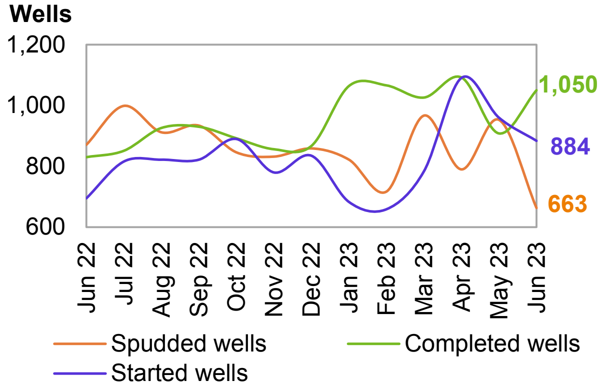
Sources: Baker Hughes, EIA and OPEC.

Drilling and completion (D&C) activities for spudded, completed and started oil-producing wells in all US shale plays, based on EIA-DPR regions, includes 953 horizontal wells spudded in May (as per preliminary data). This is up m-o-m by 163, and 3% higher than in May 2022.

Preliminary data for May indicates a higher number of completed wells at 908, which is up y-o-y by 9%. The number of started wells is estimated at 960, which is 20% higher than a year earlier.

Preliminary data for June 2023 sees 663 spudded, 1,050 completed and 884 started wells, according to Rystad Energy.

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

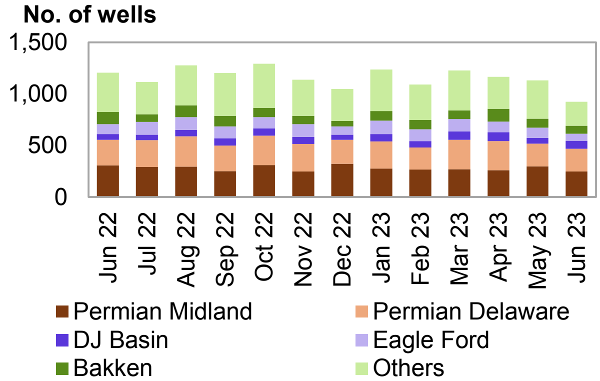


Note: May 23-Jun 23 = Preliminary data.
Sources: Rystad Energy and OPEC.

In terms of identified **US oil and gas fracking operations by region**, Rystad Energy reported that 1,165 wells were fracked in April 2023. In May and June, it stated that 1,131 and 922 wells began fracking, respectively. Preliminary numbers are based on analysis of high-frequency satellite data.

Preliminary May data showed that 297 and 222 wells were fracked in the Permian Midland and Permian Delaware, respectively. Compared with April, there was a decline of 62 wells in the Midland and a jump of 37 in the Delaware. Data also indicated that 55 wells were fracked in the DJ Basin, 99 in the Eagle Ford and 87 in the Bakken.

Graph 5 - 13: Fracked wells count per month



Note: May 23-Jun 23 = Preliminary data.
Sources: Rystad Energy Shale Well Cube and OPEC.

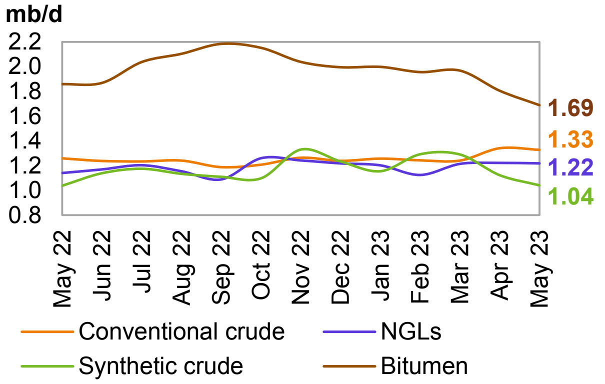
Canada

Canada's liquids production in **May** is estimated to have dropped m-o-m by 215 tb/d to an average of 5.3 mb/d. This is the lowest output seen since May 2022.

Conventional crude production fell m-o-m in May by 13 tb/d to an average of 1.3 mb/d, while NGLs output decreased marginally by 4 tb/d to an average of 1.2 mb/d.

Crude bitumen production output fell m-o-m by 116 tb/d, and synthetic crude declined m-o-m by 82 tb/d. Taken together, crude bitumen and synthetic crude production dropped by 198 tb/d to 2.7 mb/d.

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

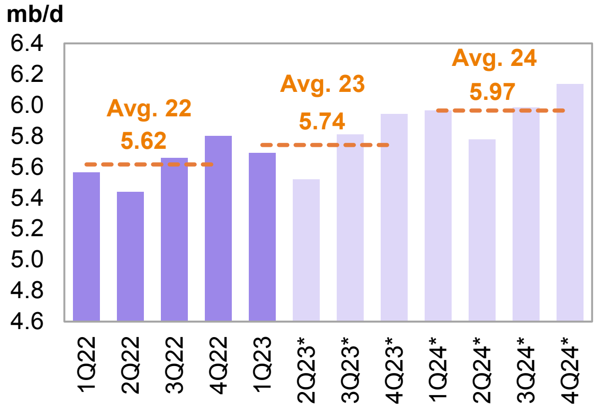


Sources: Statistics Canada, Alberta Energy Regulator and OPEC.

For **2023**, Canada's liquids production is forecast to increase by 0.1 mb/d to an average of 5.7 mb/d. This is down by 25 tb/d compared with the previous assessment. Canada's production in 2Q23 was lower-than-expected and under pressure due to planned maintenance and seasonal wildfires in some oil-producing regions, especially those in western Canada.

Scheduled maintenance programmes during 2Q23 and 3Q23 are expected to soften output. It is the oil sands that are projected to be the main driver of Canada's production through to the end of the year, driven by Kearl debottlenecking and CNRL Horizon optimization. Additionally, the Terra Nova Floating Production Storage and Offloading unit (FPSO) is expected to restart production in mid-2023.

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



*Note: * 2Q23-4Q24 = Forecast. Source: OPEC.*

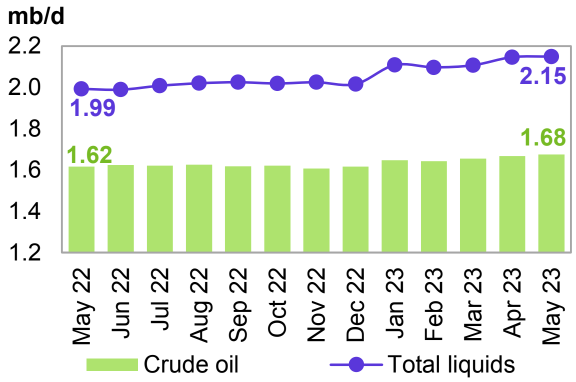
For **2024**, Canada's liquids production is forecast to gradually increase at a higher pace compared with 2023, rising by 0.2 mb/d to an average of 6.0 mb/d. Incremental production is expected to come through oil sands project ramp-ups and debottlenecks, in areas like Montney, Kearl, and Fort Hills, together with some conventional field growth.

Mexico

Mexico's crude output increased m-o-m by 8 tb/d in **May** to an average of 1.7 mb/d, and NGLs output fell by a minor 5 tb/d. Mexico's total May liquids output m-o-m remained broadly stable at an average of 2.1 mb/d, according to the Comisión Nacional de Hidrocarburos (CNH). This was higher than expected, mainly due to the continued ramp-up of the Tupilco Profundo field and a modest uptick in private operators' production.

For **2023**, liquids production is now forecast to rise by around 80 tb/d to an average of 2.1 mb/d. This is up by 17 tb/d from the previous assessment, due to higher liquid output in May and improved expectations for the rest of the year. However, in addition to the recent Pemex Nohoch Alfa platform outages, declines from other fields could start offsetting monthly gains from new fields once again in 2H23.

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



Sources: Mexico Comision Nacional de Hidrocarburos (CNH) and OPEC

For **2024**, liquids production is forecast to decline by 45 tb/d to an average of 2.0 mb/d. In general, it is expected that declines from mature fields offset gains from new fields. Pemex's total crude production decline in mature areas like Ku-Maloob-Zaap and Integral Yaxche-Xanab is forecast to outweigh production ramp-ups in Area-1 and El Golpe-Puerto Ceiba, and a few start-ups, namely TM-01, Paki, and AE-0150-Uchukil.

OECD Europe

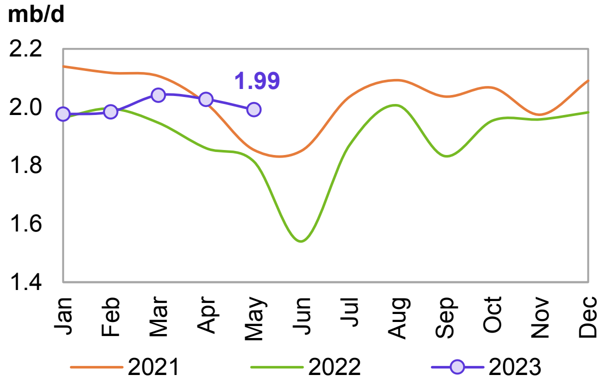
Norway

Norwegian liquids production in **May** dropped by 36 tb/d m-o-m to an average of 2.0 mb/d. While Johan Sverdrup phase-2 has been in the ramp-up phase, there were some declines due to outages and maintenance in several other fields.

Norway's crude production declined by 32 tb/d m-o-m in May to an average of 1.8 mb/d, albeit higher y-o-y by 136 tb/d. Monthly oil production was 1.3% lower than the Norwegian Petroleum Directorate's (NPD) forecast.

Production of NGLs and condensates, however, remained broadly unchanged m-o-m at an average of 0.2 mb/d, according to NPD data.

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



Sources: The Norwegian Petroleum Directorate (NPD) and OPEC.

For **2023**, Norwegian liquids production is forecast to expand by 0.2 mb/d, largely unchanged compared with last month's forecast, to an average of 2.1 mb/d. The Johan Sverdrup ramp-up is projected to be the main source of growth following its phase 2 start-up in December 2022. According to Equinor, the Hammerfest LNG plant, which accounts for about 5% of Norway's gas exports to Europe, was forced to shut in twice in May after encountering technical problems.

For **2024**, Norwegian liquids production is forecast to grow by 90 tb/d to an average of 2.2 mb/d. Some small-to-large projects are scheduled to ramp up in 2024. At the same time, project start-ups are expected from offshore projects like Balder/Ringhorne, Eldfisk, Kristin, Alvheim FPSO, Hanz, Aasgard FPSO, and PL636. However, Johan Castberg is projected to be the main source of output increases, with the first oil planned for 4Q24.

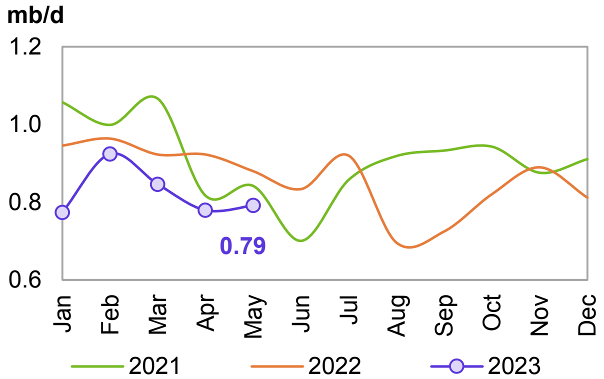
UK

In **May, UK liquids production** rose m-o-m by 13 tb/d to an average of 0.8 mb/d. Crude oil output increased m-o-m by 19 tb/d to an average of 0.7 mb/d, which was lower by 66 tb/d y-o-y, according to official data. NGLs output dropped by a minor 6 tb/d to an average of 74 tb/d. UK liquids output in May was down 10% compared to May 2022, mainly due to natural declines and outages.

For **2023**, UK liquids production is forecast to average 0.9 mb/d, down by 21 tb/d from the previous assessment due to lower-than-expected May 2023 output.

For **2024**, UK liquids production is forecast to stay steady at an average of 0.9 mb/d. Production ramp-ups will be seen in the ETAP and Clair, as well as the Anasuria and Captain EOR start-up projects. The Penguins redevelopment has faced huge delays after COVID-19 impacted the FPSO construction timeline; the start-up of this project is now expected in 1Q24. However, liquids production in the UK is expected to continue to face challenges, given an inadequate number of new projects and low investment levels.

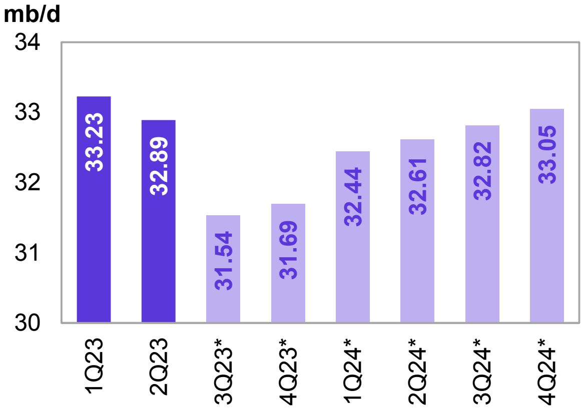
Graph 5 - 18: UK monthly liquids production development



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

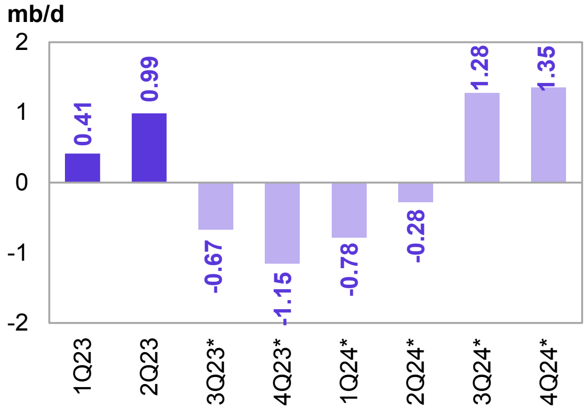
Non-OECD

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



*Note: * 3Q23-4Q24 = Forecast. Source: OPEC.*

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

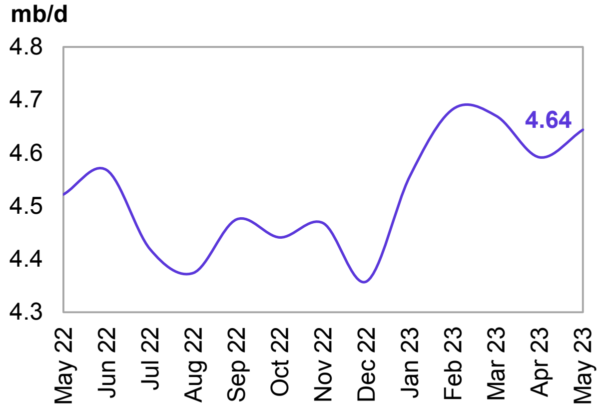


*Note: * 3Q23-4Q24 = Forecast. Source: OPEC.*

China

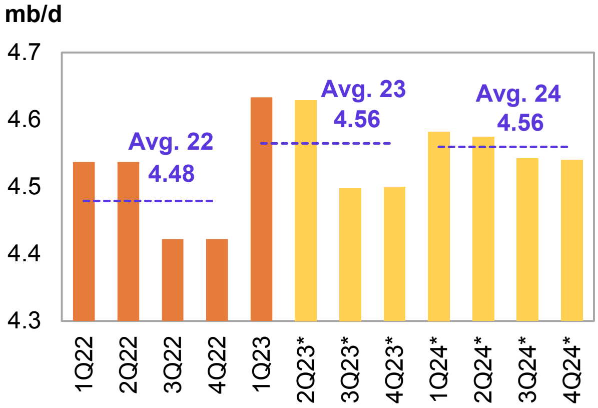
China's liquids production rose m-o-m in **May** by 52 tb/d to an average of 4.6 mb/d. This is up by 122 tb/d y-o-y, according to official data. Crude oil output in May averaged 4.3 mb/d, up by 52 tb/d compared with the previous month, and higher y-o-y by 119 tb/d. NGLs and condensate production was largely stable m-o-m, averaging 48 tb/d.

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



Sources: CNPC and OPEC.

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



*Note: * 2Q23-4Q24 = Forecast. Sources: CNPC and OPEC.*

For **2023**, y-o-y growth of 85 tb/d is forecast for an average of 4.6 m/d. This is revised up by a minor 8 tb/d from last month's assessment due to strong estimated output in 2Q23. Natural decline rates are expected to be offset by additional growth through more infill wells and EOR projects amid efforts by state-owned oil companies to safeguard energy supplies.

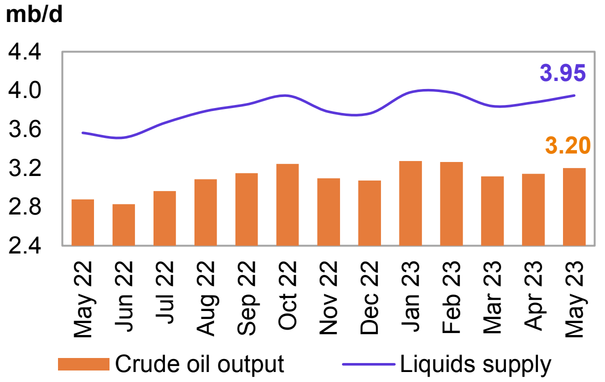
For **2024**, Chinese liquid production is expected to remain steady y-o-y and is forecast to average 4.6 m/d. For next year, Liuhua 11-1, Shayan and Liuhua 4-1 (redevelopment) are planned to come on stream under CNOOC and PetroChina. At the same time, the main ramp-ups are expected from the Changqing, Kenli 10-2, Wushi 17-2 and Kenli 6-4.

Latin America

Brazil

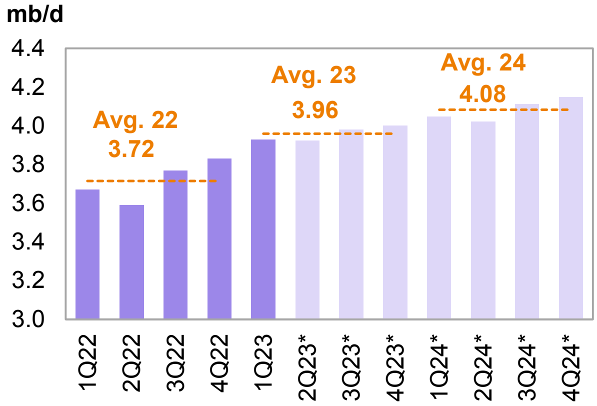
Brazil's crude output in **May** rose m-o-m by 60 tb/d to an average of 3.2 mb/d, mainly due to a production recovery and new start-ups. NGLs production, however, was broadly unchanged at an average of 80 tb/d and it is expected to remain flat in June. Biofuels output (mainly ethanol) rose m-o-m by 12 tb/d to an average of 667 tb/d, with preliminary data showing a stable trend in June. The country's total liquids production increased by 72 tb/d in May to an average of 3.9 mb/d. This is slightly lower than the highest production rate on record from January 2023.

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



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

Graph 5 - 24: Brazil's quarterly liquids production



*Note: * 2Q23-4Q24 = Forecast. Sources: ANP and OPEC.*

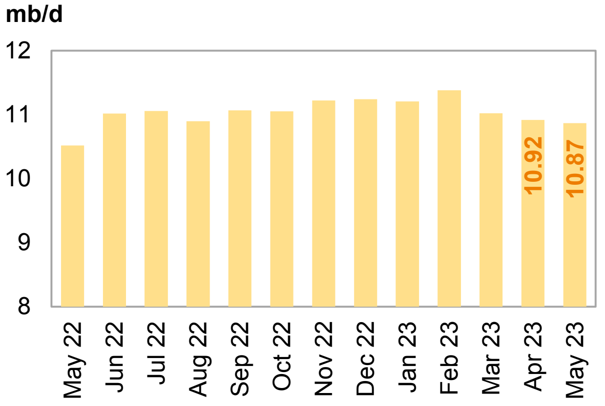
For **2023**, Brazil's liquids supply, including biofuels, is forecast to rise y-o-y by 0.2 mb/d to average 4.0 mb/d, largely unchanged from the previous forecast. Crude oil output is set to increase through production ramp-ups in major offshore fields. FPSO Anna Nery, deployed at the Marlim field located in the eastern part of the offshore Campos basin, came online in May and is expected to support the crude oil ramp-up, alongside other offshore start-ups announced since the beginning of the year.

For **2024**, Brazil's liquids supply forecast, including biofuels, is forecast to increase by around 120 tb/d y-o-y to an average of 4.1 mb/d. Crude oil output is expected to increase through production ramp-ups in the Mero (Libra NW), Buzios (Franco), Tupi (Lula), Peregrino and Itapu (Florim) fields. Oil project start-ups are anticipated in Atlanta, Pampo-Enchova Cluster and Vida.

Russia

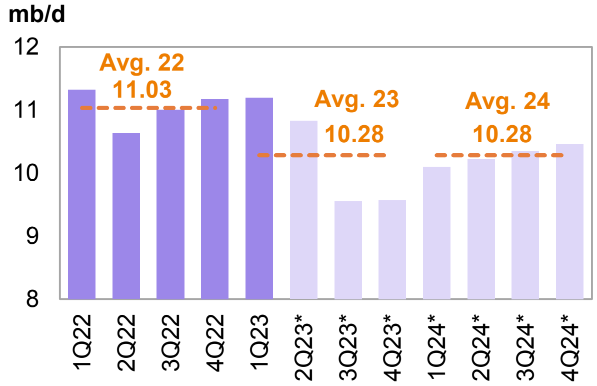
Russia's liquids production in May fell m-o-m by 49 tb/d to an average of 10.9 mb/d. This includes 9.6 mb/d of crude oil and 1.3 mb/d of NGLs and condensate.

Graph 5 - 25: Russia's monthly liquids production



Sources: Nefte Compass and OPEC.

Graph 5 - 26: Russia's quarterly liquids production



*Note: * 2Q23-4Q24 = Forecast.*
Sources: Nefte Compass and OPEC.

For **2023**, Russian liquids production is forecast to drop by 0.75 mb/d to an average of 10.3 mb/d, unchanged from the previous month's assessment. It is worth noting that the expected contraction takes into account recently announced voluntary production adjustments to the end of 2023.

For **2024**, Russian liquids production is forecast to remain unchanged y-o-y and average 10.3 mb/d. In addition to project ramp-ups from several oil fields, there will be some start-ups by Rosneft, Russneft, Lukoil, Gazprom, Neftisa and TenderResurs. However, the overall additional liquids production is expected to be offset by declines from mature fields. It should be noted that the Russian oil forecast is subject to uncertainty.

Caspian

Kazakhstan & Azerbaijan

Liquids output in Kazakhstan fell by 65 tb/d m-o-m to an average of 1.9 mb/d in **May**. Crude production was down m-o-m by 58 tb/d to an average of 1.6 mb/d, while NGLs and condensate output declined m-o-m by a minor 7 tb/d to an average of 0.3 mb/d.

For **2023**, liquids supply is forecast to increase by 0.1 mb/d to average 1.9 mb/d, broadly unchanged compared with the previous forecast. Kazakhstan's giant Kashagan oil field cut output in May after its operator shut two offshore injection wells following the detection of sour gas, restricting gas re-injection in the field.

For **2024**, liquids supply is forecast to increase by around 80 tb/d to average 2.0 mb/d, mainly due to production ramp-ups in the Tengiz oil field through expansion at the Tengizchevroil Future Growth Project (FGP) and wellhead pressure management project. Oil production in the Kashagan field and gas condensate output in the Karachaganak field are also expected to rise marginally.

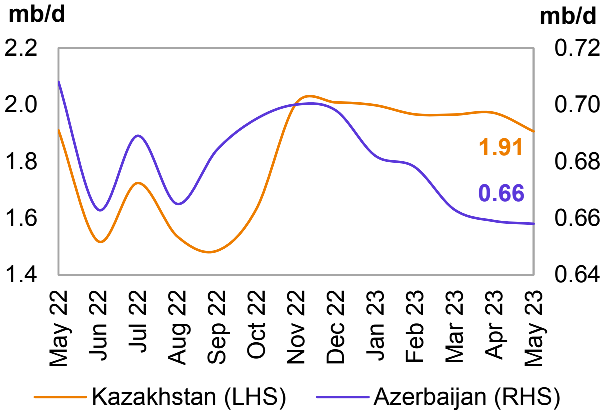
Azerbaijan's liquids production in May remained broadly stable m-o-m, averaging 0.7 mb/d, which is a drop of 65 tb/d y-o-y. Crude production averaged 511 tb/d, with NGLs output at 145 tb/d, according to official sources.

Azerbaijan's liquids supply for **2023** is forecast to rise by 22 tb/d to an average of 0.7 mb/d. This is a downward revision of a minor 7 tb/d, due to lower-than-expected major oil field production in May.

The main declines in legacy reservoirs, like Azeri-Chirag-Guneshli (ACG) oil fields, are expected to be offset by ramp-ups in other fields this year.

Azerbaijan's liquids supply for **2024** is forecast to decline by around 30 tb/d to an average of 0.7 mb/d. Growth is forecast to partly come from the Shah Deniz, Absheron, and Umid-Babek gas condensate projects. Production in Azerbaijan's ACG oil fields should also get a boost next year with a seventh ACG platform. However, the overall decline rate will be higher than the planned ramp-ups.

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



Sources: Nefte Compass, JODI and OPEC.

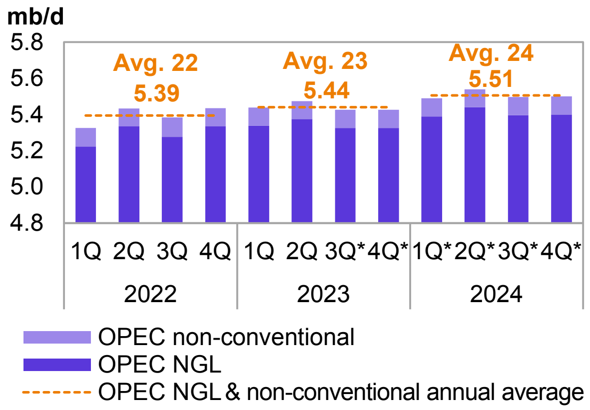
OPEC NGLs and non-conventional oils

OPEC NGLs and non-conventional liquids are forecast to expand by around 50 tb/d in **2023** to average 5.4 mb/d. NGLs production is projected to grow by 50 tb/d to average 5.3 mb/d, while non-conventional liquids are projected to remain unchanged at 0.1 mb/d.

NGLs output in 2Q23 is expected to have averaged 5.44 mb/d, while non-conventional output remained steady at 0.1 mb/d. Taken together, 5.47 mb/d is expected for May, according to preliminary data.

The preliminary **2024** forecast indicates growth of 65 tb/d to average 5.5 mb/d. NGLs production is projected to grow by 65 tb/d to average 5.4 mb/d, while non-conventional liquids are projected to remain unchanged at 0.1 mb/d.

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



*Note: * 3Q23-4Q24 = Forecast. Source: OPEC.*

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

OPEC NGL and non-coventional oils	2022	Change 22/21	2023	Change 23/22	1Q24	2Q24	3Q24	4Q24	2024	Change 24/23
OPEC NGL	**5.29**	*0.11*	**5.34**	*0.05*	5.39	5.44	5.40	5.40	**5.41**	*0.07*
OPEC non-conventional	**0.10**	*0.00*	**0.10**	*0.00*	0.10	0.10	0.10	0.10	**0.10**	*0.00*
Total	**5.39**	***0.11***	**5.44**	***0.05***	**5.49**	**5.54**	**5.50**	**5.50**	**5.51**	***0.07***

Note: 2023 and 2024 = Forecast.

Source: OPEC.

OPEC crude oil production

According to secondary sources, total **OPEC-13 crude oil production** averaged 28.19 mb/d in June 2023, higher by 91 tb/d m-o-m. Crude oil output increased mainly in IR Iran and Iraq, while production in Angola declined.

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

Secondary sources	2021	2022	4Q22	1Q23	2Q23	Apr 23	May 23	Jun 23	Change Jun/May
Algeria	913	1,017	1,030	1,015	980	1,010	973	957	*-16*
Angola	1,123	1,140	1,084	1,062	1,115	1,092	1,148	1,102	*-46*
Congo	264	262	252	270	264	262	266	262	*-4*
Equatorial Guinea	98	84	63	53	60	60	58	62	*4*
Gabon	182	197	199	194	209	209	212	207	*-5*
IR Iran	2,392	2,554	2,568	2,571	2,692	2,625	2,698	2,754	*56*
Iraq	4,046	4,439	4,505	4,372	4,138	4,107	4,127	4,181	*54*
Kuwait	2,419	2,704	2,712	2,684	2,585	2,650	2,555	2,551	*-3*
Libya	1,143	981	1,153	1,157	1,162	1,160	1,169	1,156	*-13*
Nigeria	1,372	1,204	1,172	1,345	1,225	1,098	1,277	1,298	*21*
Saudi Arabia	9,114	10,530	10,605	10,358	10,155	10,496	9,976	9,998	*22*
UAE	2,727	3,066	3,094	3,044	2,941	3,034	2,895	2,894	*-1*
Venezuela	553	675	663	696	746	727	743	767	*23*
Total OPEC	**26,346**	**28,854**	**29,099**	**28,822**	**28,271**	**28,530**	**28,099**	**28,189**	***91***

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

Source: OPEC.

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

Direct communication	2021	2022	4Q22	1Q23	2Q23	Apr 23	May 23	Jun 23	Change Jun/May
Algeria	911	1,020	1,030	1,011	971	999	962	953	*-9*
Angola	1,124	1,137	1,071	1,046	1,098	1,063	1,111	1,119	*8*
Congo	267	262	261	278	280	277	285	277	*-8*
Equatorial Guinea	93	81	56	51	59	49	61	67	*6*
Gabon	181	191	183	201	203	197	218	193	*-25*
IR Iran	..	..	..	..	..	..	..	..	*..*
Iraq	3,971	4,453	4,505	4,288	3,959	3,938	3,955	3,985	*30*
Kuwait	2,415	2,707	2,721	2,676	2,590	2,676	2,548	2,548	*0*
Libya	1,207	..	..	1,195	1,181	1,200	1,158	1,186	*28*
Nigeria	1,323	1,138	1,137	1,277	1,144	999	1,184	1,249	*65*
Saudi Arabia	9,125	10,591	10,622	10,456	10,124	10,461	9,959	9,956	*-2*
UAE	2,718	3,064	3,093	3,041	2,941	3,041	2,891	2,893	*2*
Venezuela	636	716	693	731	808	810	819	796	*-23*
Total OPEC	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**	***..***

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

Source: OPEC.

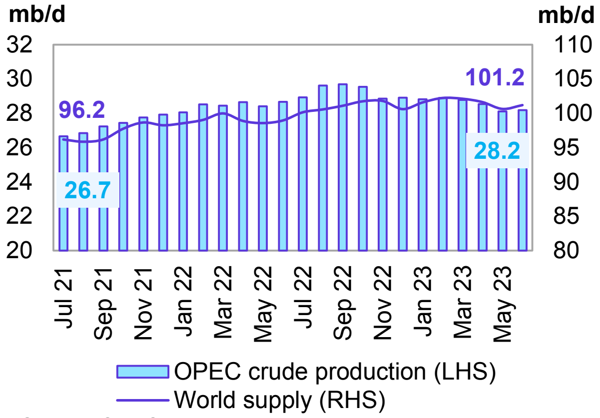
World oil supply

Preliminary data indicates that **global liquids production in June** increased by 0.6 mb/d to average 101.2 mb/d compared with the previous month.

Non-OPEC liquids production (including OPEC NGLs) is estimated to have increased m-o-m in June 2023 by 0.5 mb/d to an average of 73.0 mb/d. This was higher y-o-y by 2.7 mb/d. Preliminary estimated production drops in June were mainly driven by Russia and were more than offset by rises in OECD Americas and Other Eurasia.

The **share of OPEC crude oil in total global production** in June, decreased by 0.1 pp to stand at 27.9% compared with the previous month. Estimates are based on preliminary data for non-OPEC supply, OPEC NGLs and non-conventional oil, while assessments for OPEC crude production are based on secondary sources.

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



Source: OPEC.

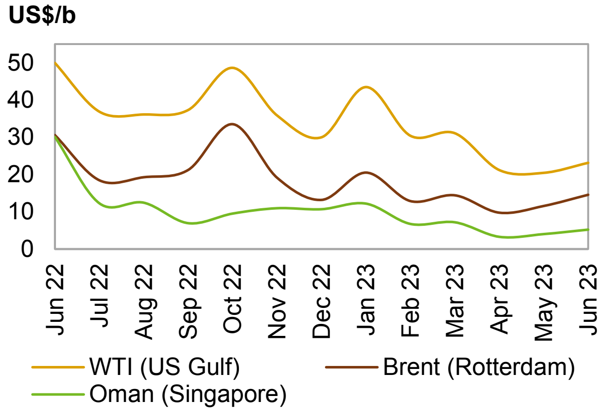
Product Markets and Refinery Operations

In June, refinery margins rose to show solid gains across regions. In the USGC, margins recovered the previous monthly loss to reach a three-month high, with gains manifested across the barrel. In particular, firm driving activities supported gasoline, while key product balances remained in contraction nationwide despite slight y-o-y improvements. In Rotterdam, refining economics were mostly supported by strong performance at the middle and bottom sections of the barrel, while temporary unplanned outages led to a contraction of product balances in NWE that weighed on key product ARA inventories. In Singapore, margin gains were more limited with strength registered in transport fuels partly offset by the negative performance witnessed in naphtha and the high sulphur fuel oil (HSFO) markets.

Global refinery intake in June continued to trend upwards and according to preliminary estimates was 953 tb/d higher m-o-m at 81.9 mb/d. In the coming months, refinery intakes are expected to remain well supported by seasonally strong fuel consumption levels given the onset of the summer season.

Refinery margins

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

USGC refining margins against WTI recovered from the previous months' y-t-d low, exhibiting solid monthly gains despite being considerably below the levels seen at the same time in 2022. Despite rising refinery runs, the boost in fuel demand partially offset the rise in product output levels. The pressure on nationwide product stocks shadowed the improvement in US mobility activity and transport fuel requirements amid the onset of the summer season, with gasoline representing the strongest margin contributor. Moreover, fuel oil markets firmed up to become the second strongest performer across the barrel in the USGC as the strength in gasoline markets provided economic incentives for fuel oil conversion. This further contributed to the upturn in USGC refining economics.

In terms of operations, US refinery intake continued to increase and gained 550 tb/d m-o-m to an average of 17.16 mb/d in June. USGC margins against WTI averaged $23.15/b, up by $2.68 m-o-m, but this was down $26.77 y-o-y.

Refinery margins in Rotterdam against Brent increased for the second consecutive month to show the largest monthly rise, outperforming those seen in the USGC and Singapore. A declining trend in OECD Europe product imports, given the latest data available, amid relatively healthy regional product demand supported product markets within the region. Throughout June, some European refineries underwent unplanned shutdowns, which likely weighed on monthly throughput figures by limiting further gains. According to preliminary reports, Russian refinery processing rates rose considerably in June with the ongoing conclusion of heavy refinery maintenance works.

Refinery throughput in Europe continued to rise in June. According to preliminary data, it was 190 tb/d higher at an average of 9.94 mb/d. Refinery margins against Brent in Europe averaged $14.56/b in June, $3.01 higher compared with a month earlier, but $16.01 lower y-o-y.

Singapore refining margins against Oman extended the positive performance seen in May, albeit at a lower magnitude compared to their NWE counterparts. Gasoil crack spreads showed the largest monthly gain across the barrel in Singapore, with strong gasoil exports to the Atlantic Basin, as gasoil inventories in the OECD Europe and Americas remain below the five-year average, leading to robust gasoil oil markets. In China, product fuel sales were reported as somewhat subdued, which led to ample availability, particularly in the Southern and Eastern parts of the country. Although fuel requirements for the industrial and manufacturing sectors were tepid, the resulting weakness was offset by stronger requirements from the services sector that reflected an improvement in tourism. Ongoing refinery maintenance works, particularly in Australia, India and Vietnam, kept product output somewhat constrained, which likely averted some downward pressure on product crack spreads.

In June, refinery intakes declined further, dropping 210 tb/d relative to the previous month to an average of 27.08 mb/d, according to preliminary data. Refinery margins against Oman in Asia gained $1.19 m-o-m to average $5.23/b, which was $24.85 lower y-o-y.

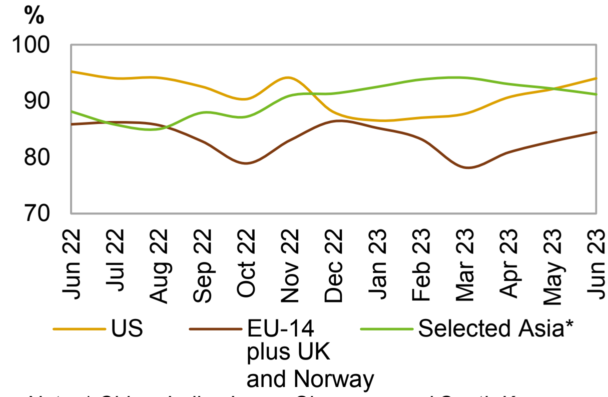
Refinery operations

US refinery utilization rates increased in June to an average of 93.99%, which corresponds to a throughput of 17.16 mb/d. This represented a rise of 1.9 pp and 550 tb/d compared with May. Y-o-y, the June refinery utilization rate was down by 1.2 pp, with throughput showing a 73 tb/d rise.

European refinery utilization averaged 84.43% in June, corresponding to a throughput of 9.94 mb/d. This is a m-o-m rise of 1.6 pp or 190 tb/d. On a y-o-y basis, the utilization rate was down by 1.4 pp, while throughput was lower by 166 tb/d.

In **Selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates fell to an average of 91.17% in June, corresponding to a throughput of 26.68 mb/d. Compared with the previous month, utilization rates were down by 1.0 pp, and throughput was lower by 180 tb/d. However, y-o-y utilization rates were higher by 3.1 pp, and throughput was up by 1.2 mb/d.

Graph 6 - 2: Refinery utilization rates



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

Table 6 - 1: Refinery operations in selected OECD countries

	Refinery throughput, mb/d				Refinery utilization, %			
	Apr 23	May 23	Jun 23	Change Jun/May	Apr 23	May 23	Jun 23	Change Jun/May
US	**16.37**	**16.61**	**17.16**	**0.55**	**90.63**	**92.09**	**93.99**	**1.9 pp**
Euro-14, plus UK and Norway	**9.52**	**9.75**	**9.94**	**0.19**	**80.84**	**82.79**	**84.43**	**1.6 pp**
France	0.67	0.75	0.81	0.06	57.78	65.51	70.69	5.2 pp
Germany	1.55	1.70	1.74	0.05	75.31	82.62	84.83	2.2 pp
Italy	1.42	1.25	1.27	0.03	74.95	65.68	67.03	1.3 pp
UK	0.95	1.05	1.04	0.00	81.07	89.34	89.03	-0.3 pp
Selected Asia*	**27.09**	**26.85**	**26.68**	**-0.18**	**93.00**	**92.19**	**91.17**	**-1.0 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	2020	2021	2022	2Q22	3Q22	4Q22	1Q23	2Q23
OECD Americas	**16.59**	**17.79**	**18.66**	**18.74**	**19.00**	**18.53**	**18.04**	**18.88**
of which US	*14.72*	*15.66*	*16.46*	*16.61*	*16.82*	*16.35*	*15.78*	*16.71*
OECD Europe	**10.65**	**10.92**	**11.43**	**11.57**	**11.79**	**11.38**	**11.23**	**11.25**
of which:								
France	*0.67*	*0.69*	*0.84*	*0.84*	*0.96*	*0.78*	*0.83*	*0.74*
Germany	*1.72*	*1.72*	*1.83*	*1.87*	*1.83*	*1.87*	*1.64*	*1.66*
Italy	*1.11*	*1.23*	*1.32*	*1.42*	*1.41*	*1.29*	*1.28*	*1.32*
UK	*0.92*	*0.92*	*1.04*	*1.06*	*1.02*	*1.03*	*1.03*	*1.01*
OECD Asia Pacific	**5.87**	**5.76**	**6.04**	**5.83**	**6.17**	**5.97**	**6.09**	**5.51**
of which Japan	*2.48*	*2.49*	*2.71*	*2.60*	*2.73*	*2.73*	*2.77*	*2.50*
Total OECD	**33.12**	**34.47**	**36.13**	**36.14**	**36.96**	**35.88**	**35.36**	**35.64**
Latin America	**3.20**	**3.50**	**3.36**	**3.51**	**3.38**	**3.32**	**3.41**	**3.50**
Middle East	**6.10**	**6.80**	**7.28**	**7.24**	**7.34**	**7.40**	**7.31**	**7.61**
Africa	**1.79**	**1.77**	**1.76**	**1.75**	**1.76**	**1.73**	**1.72**	**1.88**
India	**4.42**	**4.73**	**5.00**	**5.22**	**4.69**	**4.89**	**5.35**	**5.28**
China	**13.48**	**14.07**	**13.49**	**12.89**	**13.00**	**14.14**	**14.57**	**14.71**
Other Asia	**4.72**	**4.72**	**4.90**	**5.09**	**4.88**	**4.79**	**5.05**	**5.06**
Russia	**5.39**	**5.61**	**5.46**	**5.04**	**5.50**	**5.59**	**5.67**	**5.57**
Other Eurasia	**1.10**	**1.23**	**1.15**	**1.13**	**1.13**	**1.15**	**1.23**	**1.26**
Other Europe	**0.43**	**0.41**	**0.48**	**0.50**	**0.54**	**0.49**	**0.44**	**0.49**
Total Non-OECD	**40.63**	**42.85**	**42.88**	**42.38**	**42.22**	**43.49**	**44.75**	**45.36**
Total world	**73.75**	**77.32**	**79.01**	**78.52**	**79.18**	**79.37**	**80.12**	**81.00**

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

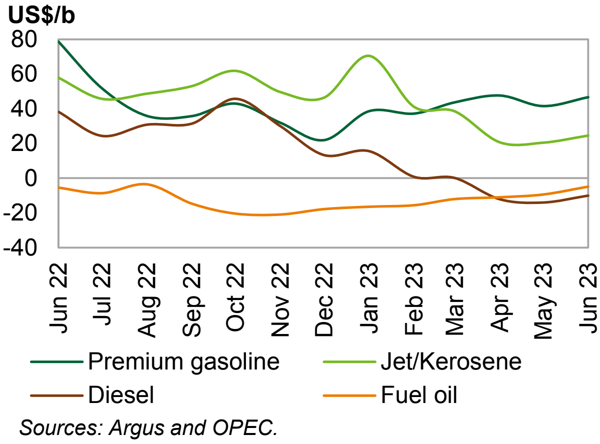
Sources: AFREC, APEC, EIA, IEA, Euroilstock, PAJ, Ministry data, including Ministry of Energy of the Russian Federation, Ministry of Petroleum and Natural Gas of India, OPEC and JODI.

Product markets

US market

The **USGC gasoline crack spread** exhibited a robust performance and gained significant ground backed by strong mobility activity that exerted pressure on gasoline balances nationwide. Going forward, gasoline crack spreads are expected to remain well-supported. A decline in European gasoline imports into the US, which dropped by more than a third around mid-June, according to Bloomberg, likely contributed to the downward pressure on gasoline stocks.

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



Sources: Argus and OPEC.

USGC wholesale gasoline 93 prices rose m-o-m by $3.78/b to an average of $116.94/b in June. This was the largest monthly price gain across the barrel in the USGC and was in response to a contracting product balance despite a drop in crude prices. Compared to the same month in 2022, gasoline prices were $76.12/b lower, reflecting an improved product balance relative to the strong tightness witnessed in 2022. However, total US gasoline inventory levels remain below the five-year average.

Expectations of stronger consumption levels in the coming months given the onset of the summer season, points to solid upside potential for US gasoline markets going forward. The USGC gasoline crack spread gained $5.11 m-o-m to average $46.63/b in June. This was $32.06 lower y-o-y.

The USGC **jet/kerosene crack spread** recovered, ending a four-month downward trend and gained significant ground following the mild loss experienced in May. Improvements in the aviation sector, given the onset of the peak holiday season, likely provided a boost in jet fuel requirements. Wholesale prices increased by $2.75/b over the month to an average of $94.84/b. The US jet/kerosene crack spread against WTI averaged $24.53/b, up by $4.08 m-o-m, albeit down by $33.25 y-o-y.

The USGC **gasoil crack spread** increased following four consecutive months of losses despite remaining in negative territory, indicating the start of improvements in gasoil pricing and gasoil production profits for refiners. Ongoing weaker demand concerns from the domestic manufacturing and industrial sectors will likely be offset by a demand pick up from the services sectors, and exports in the near term. Gasoil inventories in PADD 3 trended slightly higher, however, nationwide total inventories remain low and were almost unchanged relative to levels recorded at the same time last year. Gasoil prices averaged $60.20/b in June, up $2.64 relative to May. The US gasoil crack spread against WTI averaged minus $10.11/b, up by $3.97 m-o-m, but down by $48.27 y-o-y.

The USGC **fuel oil crack spread** against WTI maintained its positive momentum for the seventh consecutive month, although it remained in negative territory. This improvement was mostly attributed to a contraction in the product's domestic balance over the month due to supportive FCC margins, as gasoline market improvements likely provided better economic incentives for fuel oil to gasoline conversion. Concerns over lower heavy crude production levels contributed to worries over fuel oil output levels and likely exerted upward pressure on crack spreads. In June, the US fuel oil crack spread against WTI averaged minus $4.79/b, higher by $4.53/b m-o-m, and up by 59¢ y-o-y.

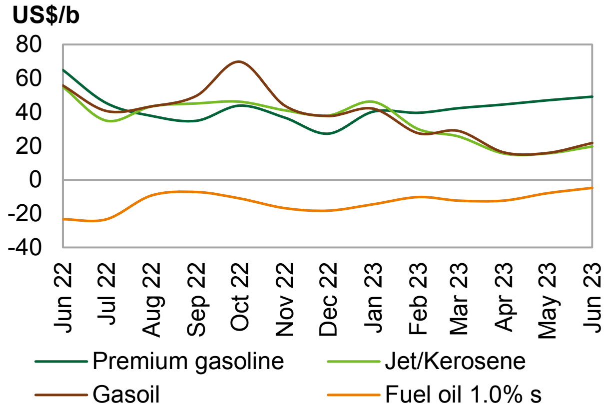
European market

Gasoline crack spreads in Rotterdam increased, benefitting from exports of gasoline to the US in June. Although gasoline refinery output levels were on the rise, gasoline balances remained under pressure, while a demand pick-up linked to the summer season and the resulting ongoing bullish market likely drove crack spreads higher. Going forward, gasoline crack spreads are set to benefit from strong export opportunities and expectations of supportive mobility activity. The gasoline crack spread against Brent averaged $49.18/b in June, which was $2.15/b higher m-o-m, but lower by $15.80 y-o-y.

In June, **jet/kerosene crack spreads** gained solid ground, supported by improving demand-side dynamics despite rising refinery output levels. In the coming months, jet/kerosene markets are expected to strengthen as air travel activities strengthen over the summer. The Rotterdam jet/kerosene crack spread against Brent averaged $19.76/b, up by $4.12 m-o-m, but down by $35.25 y-o-y.

Gasoil 10 ppm crack spreads became the second margin leader across the barrel supported by inventory drawdowns, recovering from two consecutive months of declines. Unplanned refinery outages within the region, kept gasoil production levels somewhat limited. This provided further backing for the market in the region. The gasoil crack spread against Brent averaged $21.74/b, up by $5.92 m-o-m, but down $33.99 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** gained solid ground as European refiners increasingly turn to residual fuels for feedstock blending given the softening heavy-sour crude availability. Moreover, the decline in crude prices in June, strong bunker fuel sales in NWE, and the firm seasonal demand for gasoline production and exports provided further backing. HSFO markets within the region strengthened as secondary unit processing rates stayed elevated relative to the previous months, exerting pressure on fuel oil balances, while rising residual fuel demand in Asia and the Middle East for power generation strengthened. This likely contributed to the positive performance.

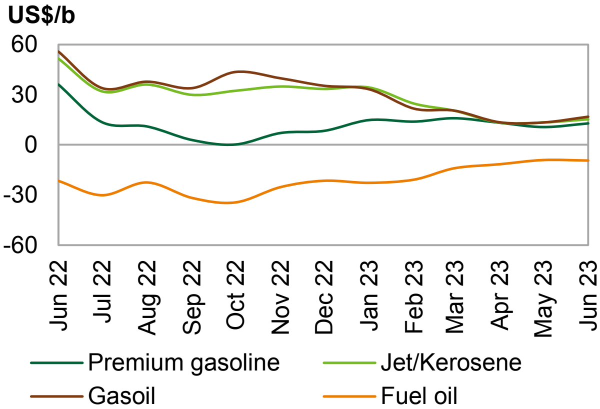
In terms of prices, fuel oil 1.0% increased in value m-o-m to an average of $69.94/b, which was $2.08 higher relative to the previous month. In NWE, 1% fuel oil cracks against Brent averaged minus $4.79/b in June, having gained $3.17 m-o-m and $18.54 y-o-y.

Asian market

The **Asian gasoline 92 crack** increased as regional consumption was supportive. In South Korea, gasoline consumption levels were reported to have increased by 26.3% in May, while exports from the country to Australia showed an increase too. In Indonesia, gasoline imports from Singapore rose 109.21% w-o-w to 233,895 metric Tons before the start of the Eid al-Adha festivities in late June, according to Platts. At the same time, gasoline supplies from India declined towards the end of the month due to refinery maintenance and supply disruptions caused by cyclone threats and the subsequent closures of one of India's Ports.

The Singapore gasoline crack spread against Dubai in June averaged $12.73/b. This was up $2.17 m-o-m but lower by $23.24 y-o-y.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

Asian **naphtha crack spreads** suffered losses to reach their lowest level since November 2022. They were affected by a sharp decline in naphtha crack spreads towards the end of June, due to a surge in naphtha supplies from Qatar and India, amid subdued regional requirements and weaker margins for chemicals production. In South Korea, imports of LPG, the alternative petrochemical feedstock to naphtha, increased in June, while weaker demand for chemicals from the industrial and residential/commercial sectors weighed on consumption levels.

In China, weekly profit margins to produce ethylene from naphtha reached a negative level in June, the first time since October 2022. This may negatively impact the production of chemicals used for plastic packaging, polyester clothing and auto parts, according to Platts. The naphtha margin contraction is attributed to rising ethylene output to offset the projected softening of gasoline and diesel sales given further electrical vehicle penetration. Moreover, new capacity additions in China point to chemicals supply outpacing demand growth in the country in 2023, further contributing to bearish market sentiment and the current weakness. The Singapore naphtha crack spread against Oman averaged minus $17.69/b, dropping by $4.81 m-o-m but was up by $9.48 y-o-y.

In the middle of the barrel, **jet/kerosene crack spreads** increased despite exhibiting the smallest gain across the barrel in Singapore against Dubai. This was largely backed by demand improvements from the region's aviation sector. Expectations of a pick-up in international air travel activity in the coming months, and stronger export requirements to the OECD Europe and Americas, will most likely provide solid support over the summer season. The Singapore jet/kerosene crack spread against Oman averaged $15.36/b, up by $1.90 m-o-m, but down by $36.15 y-o-y.

The Singapore **gasoil crack spread** reversed the trend to show solid improvement. It was the largest source of strength in the Asian product market, followed by gasoline. Strong exports to the OECD Europe and Americas, provided support, while consumption levels within the region remained somewhat capped due to weaker industrial and manufacturing gasoil demand. The Singapore gasoil crack spread against Oman averaged $16.82/b, up by $3.44 m-o-m but was down by $38.90 y-o-y.

The Singapore **fuel oil 3.5% crack spread** eased from the previous month's robust performance to experience mild losses in June. This was a result of ample availability, amid strong supplies from within the region and the Middle East. Softening economic expectations in Pakistan and Bangladesh contributed to the mild downturn, as fuel oil requirements for utility demand eased amid domestic currency challenges. In addition, ongoing refinery maintenance works in the region, although approaching the end, likely suppressed fuel oil uptake in secondary processes given they were to undergo repair works. This likely reduced fuel oil processing rates, further contributing to the regions expanding fuel oil balance.

Although the lingering effect of the surge in HSFO buying interest from China in May continued to support fuel oil markets, strong refinery output levels led to a weakening of fuel oil crack spreads in June. In May, China saw a hike in fuel oil imports, as stricter bitumen import customs inspections suppressed bitumen demand. This measure to counter tax fraud in the country prompted independent refiners to resort to fuel oil imports for feedstock blending and fuel oil conversion. This likely led to a downturn in fuel oil margins by partially offsetting the supply-side pressure. Going forward, strong fuel oil requirements for power generation, particularly in the Middle East, and gasoline market strength in OECD countries should support fuel crack spreads.

Singapore fuel oil cracks against Oman averaged minus $9.45/b, which was down by 30¢ m-o-m, but up by $12.18 y-o-y.

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

Event	Time frame	Observations	Asia	Europe	US
Summer and peak holiday season	Jul 23 – Oct 23	Based on seasonal trends, and lower fuel prices y-o-y, US gasoline demand is expected to pick up and is set to support crack spreads for the same product in the near term.	↑ Support for gasoline and jet/kero markets	↑ Support for gasoline and jet/kero markets	↑ Support for gasoline and jet/kero markets
Power generation (cooling)	Jul 23 – Sep 23	Higher fuel oil demand is expected during the summer months to fuel cooling systems in the East. This, in addition to the rerouting of Russian fuel oil flows, will likely lead to a boost in fuel oil crack spreads.	↑ Support fuel oil markets	↑ Support fuel oil markets	↑ Support fuel oil markets
Hurricane season	Jul 23 – Oct 23	The risk of product supply disruptions could exacerbate the impact of potential summer improvements in demand, by exerting pressure on product availability and pushing up fuel values, particularly in the US.	↑ Upward pressure on product 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 23	Jun 23	Change Jun/May	Annual avg. 2022	Year-to-date 2023
US Gulf (Cargoes FOB)						
Naphtha*		69.54	69.31	-0.23	89.24	75.44
Premium gasoline	(unleaded 93)	113.16	116.94	3.78	134.59	117.49
Regular gasoline	(unleaded 87)	101.94	102.40	0.46	123.34	105.45
Jet/Kerosene		92.09	94.84	2.75	140.17	110.90
Gasoil	(0.2% S)	57.56	60.20	2.64	122.10	71.63
Fuel oil	(3.0% S)	60.37	65.53	5.16	76.84	60.67
Rotterdam (Barges FoB)						
Naphtha		64.70	60.68	-4.02	85.08	71.75
Premium gasoline	(unleaded 98)	122.85	123.91	1.06	136.26	123.71
Jet/Kerosene		91.46	94.49	3.03	139.86	105.33
Gasoil/Diesel	(10 ppm)	91.64	96.47	4.83	142.32	105.21
Fuel oil	(1.0% S)	67.86	69.94	2.08	88.77	69.50
Fuel oil	(3.5% S)	66.91	71.91	5.00	78.86	66.06
Mediterranean (Cargoes FOB)						
Naphtha		63.28	59.28	-4.00	82.26	69.16
Premium gasoline**		94.55	98.25	3.70	120.04	99.90
Jet/Kerosene		89.03	92.00	2.97	135.36	101.22
Diesel		90.68	95.30	4.62	135.91	103.69
Fuel oil	(1.0% S)	72.46	74.14	1.68	94.51	74.31
Fuel oil	(3.5% S)	62.35	63.22	0.87	72.30	60.16
Singapore (Cargoes FOB)						
Naphtha		62.25	57.01	-5.24	83.91	68.92
Premium gasoline	(unleaded 95)	90.29	92.30	2.01	115.05	96.59
Regular gasoline	(unleaded 92)	85.69	87.43	1.74	111.02	92.54
Jet/Kerosene		88.59	90.06	1.47	126.76	99.36
Gasoil/Diesel	(50 ppm)	88.75	91.91	3.16	134.94	100.69
Fuel oil	(180 cst)	86.37	90.45	4.08	129.75	96.34
Fuel oil	(380 cst 3.5% S)	65.98	65.25	-0.73	76.63	64.42

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

Sources: Argus and OPEC.

Tanker Market

Dirty freight rates continued to show mixed movement in June. VLCCs partially recovered from the previous month's decline, with Middle East-to-East spot freight rates up 27% m-o-m, amid increased flows to the East. A pickup in Atlantic basin activity and firm eastward sentiment in the larger vessel class, supported rates. Suezmax rates returned some of the previous month's gains, with rates on the USGC-to-Europe route declining 20%, amid more limited activity. Aframax spot freight rates fell across the board in June, with rates on the Caribbean-to-US East Coast (USEC) route falling back from the very strong levels seen in May, down by 34%.

Clean freight rates experienced declines across all reported routes, as West of Suez rates remained soft and momentum in the East of Suez market dissipated further. Rates on the Middle East-to-East route declined m-o-m by 16% in June, while rates on the Singapore-to-East route fell 23%.

Spot fixtures

Latest estimates show **global spot fixtures** rebounding in June to average 15.1 mb/d. Fixtures rose m-o-m by 1.4 mb/d, or over 10%, with gains seen on all monitored routes, the exception being the Middle East-to-West. Compared with the previous year, spot fixtures rose 1.9 mb/d or 14%.

Table 7 - 1: Spot fixtures, mb/d

Spot fixtures	Apr 23	May 23	Jun 23	*Change* Jun 23/May 23
All areas	14.20	13.67	15.08	1.41
OPEC	9.64	9.32	11.19	1.87
Middle East/East	5.76	4.62	6.25	1.63
Middle East/West	1.26	1.23	1.19	-0.04
Outside Middle East	2.62	3.47	3.75	0.28

Sources: Oil Movements and OPEC.

OPEC spot fixtures increased by 1.9 mb/d, or more than 20%, to an average of 11.2 mb/d in June. Compared with the same month in 2022, fixtures were 2.1 mb/d, or about 23% higher.

Middle East-to-East fixtures increased by 1.6 mb/d, or over 35%, to average 6.3 mb/d. Compared with the same month in 2022, eastward flows from the Middle East were 1.2 mb/d, or almost 25%, higher.

Spot fixtures on the **Middle East-to-West** route declined m-o-m, down by about 3%, to an average of 1.2 mb/d. Y-o-y, fixtures were down by 0.2 mb/d, or almost 17%.

Fixtures on routes **outside the Middle East** showed further gains, up 8%, or 0.3 mb/d m-o-m, to average almost 3.8 mb/d. Compared to the same month last year, fixtures on the route rose 1.1 mb/d or around 41%.

Sailings and arrivals

OPEC sailings declined in June to an average of 22.4 mb/d. This represents a m-o-m drop of about 0.9 mb/d or 4%. Y-o-y, OPEC sailings were down marginally. **Middle East sailings** averaged 17.5 mb/d in June, representing an increase of 0.3 mb/d, or about 2%. Y-o-y, sailings from the region increased by 0.3 mb/d, or close to 2%.

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

Sailings	Apr 23	May 23	Jun 23	*Change* Jun 23/May 23
OPEC	23.58	23.31	22.37	-0.94
Middle East	18.80	17.18	17.48	0.30
Arrivals				
North America	9.15	9.04	9.36	0.32
Europe	12.15	12.19	12.93	0.74
Far East	16.03	17.24	18.17	0.93
West Asia	8.37	9.13	8.50	-0.63

Sources: Oil Movements and OPEC.

Crude arrivals in June rose on all monitored routes, except West Asia. **North American arrivals** saw a gain of 0.3 mb/d, or about 4%, to average 9.4 mb/d. Y-o-y, arrivals in North America were 0.3 mb/d, or 4%, higher. **Arrivals in Europe** increased by 0.7 mb/d, or about 6% m-o-m, to an average of 12.9 mb/d. Compared to the same month last year, however, arrivals to Europe were 0.8 mb/d, or over 6% lower.

Far East arrivals averaged 18.2 mb/d, representing a gain of 0.9 mb/d, or over 5%, compared with the previous month. This was around 4.2 mb/d, or about 30%, higher y-o-y. In contrast, **arrivals** in **West Asia** fell by 0.6 mb/d, or almost 7%, to an average of 8.5 mb/d. Y-o-y, arrivals in the region were up by 0.3 mb/d, or approaching 4%.

Dirty tanker freight rates

Very large crude carriers (VLCCs)

VLCC spot rates partially recovered from the previous month's decline, gaining 23% compared to May. VLCC rates were also up 35% on average compared to the same month last year. A pickup in Atlantic basin activity and firm eastward sentiment in the larger vessel class, supported prices.

On the **Middle East-to-East** route, rates rose m-o-m by 27% to average WS61 points. This represented a y-o-y increase of 33%. Rates on the **Middle East-to-West** route increased 14% m-o-m to average WS41 points. Y-o-y, rates on the route were up 52%.

West Africa-to-East spot rates gained 22% m-o-m to average WS60 points in June. Compared with the same month of 2022, rates were 25% higher.

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

VLCC	Size *1,000 DWT*	Apr 23	May 23	Jun 23	*Change* Jun 23/May 23
Middle East/East	230-280	66	48	61	13
Middle East/West	270-285	48	36	41	5
West Africa/East	260	66	49	60	11

Sources: Argus and OPEC.

Suezmax

Suezmax rates in June returned some of the previous month's gains, declining 10% m-o-m. Compared with the same month of 2022, rates were down 2%.

Spot freight rates on the **West Africa-to-USGC** route were flat m-o-m in June, remaining at WS106 points. Y-o-y, rates were 4% higher.

Rates on the **USGC-to-Europe** route declined 20% to average WS83 points. Compared with the same month of 2022, they were 9% lower.

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

Suezmax	Size *1,000 DWT*	Apr 23	May 23	Jun 23	*Change* Jun 23/May 23
West Africa/US Gulf Coast	130-135	102	106	106	0
US Gulf Coast/ Europe	150	77	104	83	-21

Sources: Argus and OPEC.

Aframax

Aframax spot freight rates declined across the board in June. On average, Aframax rates declined 19% across the month. Compared with the same month of 2022, rates were down by 11%.

Rates on the **Indonesia-to-East route** dropped 5% m-o-m to an average WS146 in June. Compared with the same month last year, rates were 16% lower.

Spot rates on the **Caribbean-to-USEC route** fell back from the very strong levels seen in May, down by 34% to average WS169 points. Y-o-y, rates were down by around 2%.

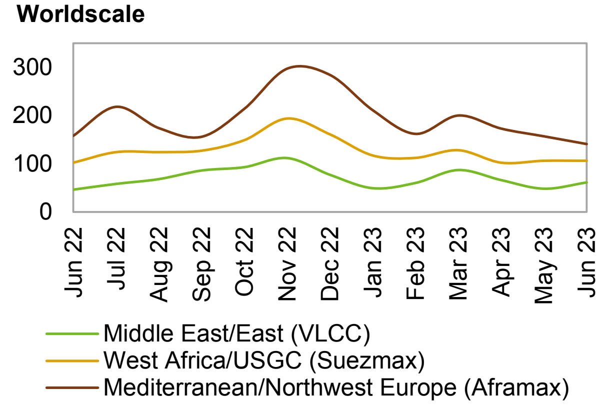
Table 7 - 5: Dirty Aframax spot tanker freight rates, WS

Aframax	Size 1,000 DWT	Apr 23	May 23	Jun 23	Change Jun 23/May 23
Indonesia/East	80-85	182	154	146	-8
Caribbean/US East Coast	80-85	116	256	169	-87
Mediterranean/Mediterranean	80-85	176	179	145	-34
Mediterranean/Northwest Europe	80-85	173	157	141	-16

Sources: Argus and OPEC.

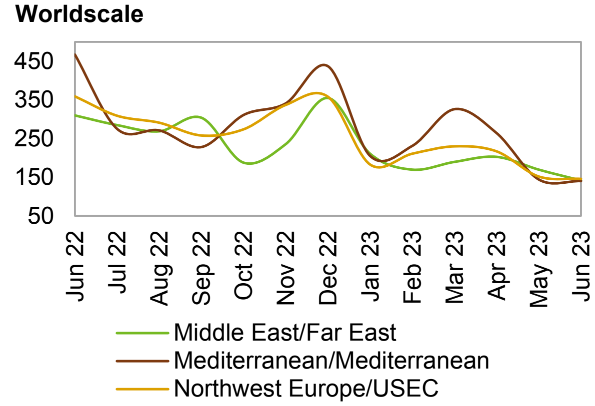
Cross-Med spot freight rates declined by 19% m-o-m to average W145 points. This represented a 14% gain y-o-y. On the **Mediterranean-to-Northwest Europe (NWE)** route, rates fell a further 10% m-o-m to average WS141 points. Compared with the same month of 2022, rates were down by around 11%.

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 experienced declines across all reported routes, as momentum in the East of Suez market dissipated further. On average, rates fell 12% m-o-m and were down 63% compared with June 2022 levels.

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

East of Suez	Size 1,000 DWT	Apr 23	May 23	Jun 23	Change Jun 23/May 23
Middle East/East	30-35	203	170	142	-28
Singapore/East	30-35	243	235	181	-54
West of Suez					
Northwest Europe/US East Coast	33-37	217	152	146	-6
Mediterranean/Mediterranean	30-35	264	144	140	-4
Mediterranean/Northwest Europe	30-35	274	154	150	-4

Sources: Argus and OPEC.

Rates on the **Middle East-to-East** route declined by 16% m-o-m to average WS142. Y-o-y, rates were 54% lower. Clean spot freight rates on the **Singapore-to-East** route fell 23% m-o-m to average WS181. This was down 56% compared with the same month of 2022.

Spot freight rates on the **NWE-to-USEC** route declined by 4% m-o-m to average WS146 points in June and were 59% lower y-o-y. Rates for the **Cross-Med** route fell by 3% to average WS140 points, while rates on the **Med-to-NWE** route were also down by 3% to average WS150 points. Compared with the same month of 2023, rates were lower by 70% and 69%, respectively.

Crude and Refined Products Trade

Preliminary data show US crude imports continued to pick up seasonally in June to average 6.5 mb/d. US crude exports recovered to average 4.1 mb/d, a three-month high. US product imports were 10% higher m-o-m in June, driven by gains in gasoline and other products.

China's crude imports rebounded m-o-m in May, to average around 12.1 mb/d. The high level was driven by new capacity coming on-stream and a return of refineries from maintenance. Product imports increased for the fourth month in a row, reaching a record high of close to 2.5 mb/d. Gains were driven largely by LPG, fuel oil, and petroleum coke outlfows.

India's crude imports in May declined m-o-m for the third month in a row, averaging 4.7 mb/d in May, coming off a record high level in February. India's product imports and exports recovered from losses in the previous month.

Japan's crude imports gave up the previous month's gains in May, averaging 2.5 mb/d, a loss of 0.4 mb/d or almost 15%. Product imports, including LPG, fell for the second month in a row, driven primarily by naphtha, which offset gains in gasoline and gasoil. Product exports were broadly flat, as increased exports of gasoil offset declines in gasoline.

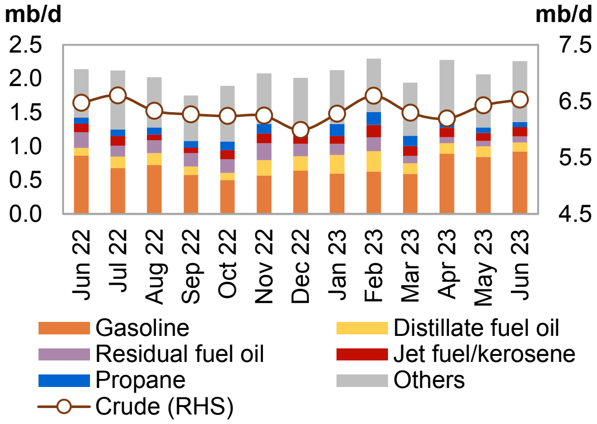
Preliminary for June estimates show OECD Europe crude imports remaining above March levels, amid higher flows to the Netherlands and France. Product imports are also seen moving above March levels, supported by inflows to Turkey.

US

Preliminary data shows **US crude imports** increased seasonally in **June** to average 6.5 mb/d, representing a gain of 0.1 mb/d. Compared with the same month last year, crude imports were about broadly unchanged.

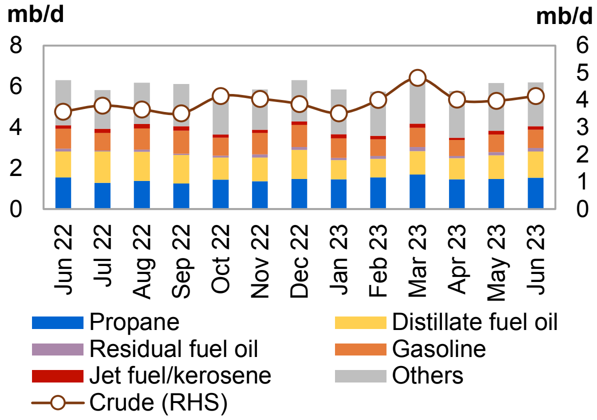
Canada remained the **top supplier** of crude in June, with a share of 55%, according to preliminary weekly data from the US Energy Information Administration (EIA). Mexico was second with 12% and Saudi Arabia was third with a 5% share.

Graph 8 - 1: US imports of crude and products



Sources: EIA and OPEC.

Graph 8 - 2: US exports of crude and products



Sources: EIA and OPEC.

US crude exports recovered to a three-month high of 4.1 mb/d in June, as flows to Europe picked up. Crude outflows rose 0.2 tb/d, or over 4% m-o-m. Compared to the same month last year, exports were 0.6 mb/d, or 16%, higher.

In terms of **destination**, preliminary estimates show Europe receiving a 43% share of US crude exports in June. Canada took 9% and both South Korea and China took 7% each.

Based on preliminary weekly data, US **net crude imports** averaged 2.4 mb/d in June. This compares with almost 2.5 mb/d the month before and 2.9 mb/d in the same month last year.

On the **products** side, **imports** were 10% higher m-o-m in June to average around 2.3 mb/d, driven by gains in gasoline and other products. Compared with the same month last year, product inflows rose 0.1 mb/d, or around 6%.

Product exports remained steady m-o-m to average near 6.2 mb/d. Y-o-y, product outflows were around 0.1 mb/d, or about 2%, higher.

As a result, preliminary data showed **US net product exports** averaging 3.9 mb/d in June, compared to about 4.1 mb/d in May and 4.2 mb/d in the same month last year.

Preliminary data indicates that US **net crude and product exports** averaged 1.6 mb/d in June. This compares with 1.6 mb/d the month before and about 1.3 mb/d in the same month last year.

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

US	Apr 23	May 23	Jun 23	Change Jun 23/May 23
Crude oil	2.19	2.45	2.39	-0.07
Total products	-3.50	-4.10	-3.94	0.16
Total crude and products	**-1.31**	**-1.64**	**-1.56**	**0.09**

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

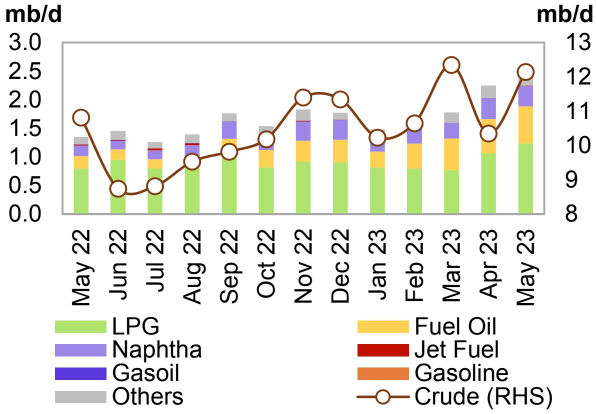
Sources: EIA and OPEC.

Looking ahead, US crude imports are likely to remain supported by the driving season, with the next weeks until Labor day seen as key. US crude exports are seen remaining steady on renewed demand from Asia. US product exports are likely to be supported by higher demand from Asia amid some volatity in Latin American flows.

China

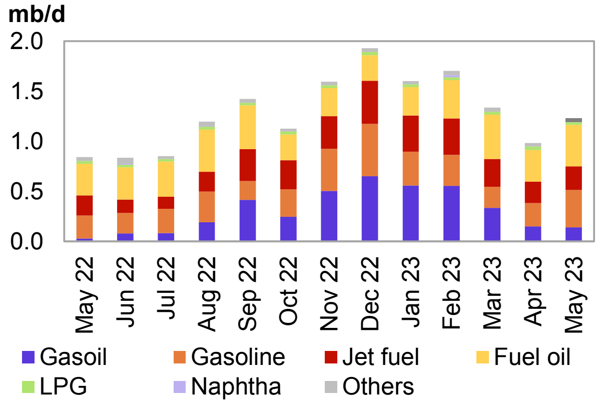
China's crude imports rebounded m-o-m in **May**, to average around 12.1 mb/d. The high level was driven by new capacity coming on-stream and a return of refineries from maintenance. Compared with the previous month, crude inflows jumped 1.8 mb/d, or over 17%. Y-o-y, China's crude imports increased 1.3 mb/d, or around 12%.

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



Sources: China OGP and OPEC.

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



Sources: China OGP and OPEC.

In terms of **crude imports by source**, Russia remained at the top spot in May with almost 19%. Saudi Arabia was second with a share of 14% and Malaysia was third with 11%.

Product imports increased for the fourth month in a row, up by almost 10% or 0.2 mb/d to reach a record high just short of 2.5 mb/d. Gains were driven largely by LPG, fuel oil, and petroleum coke. Compared to the same period last year, imports were 1.1 mb/d, or around 82%, higher.

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

China	Mar 23	Apr 23	May 23	Change May 23/Apr 23
Crude oil	12.29	10.35	12.11	1.76
Total products	0.44	1.26	1.23	-0.03
Total crude and products	**12.73**	**11.61**	**13.33**	**1.73**

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

Sources: China OGP and OPEC.

Product exports partially recovered the previous month's losses to average 1.2 mb/d. This represented an increase of 247 tb/d or 25%. Gains were driven by gasoline, fuel oil and jet fuel. Compared to the same period last year, product exports were 386 tb/d or almost 46% higher.

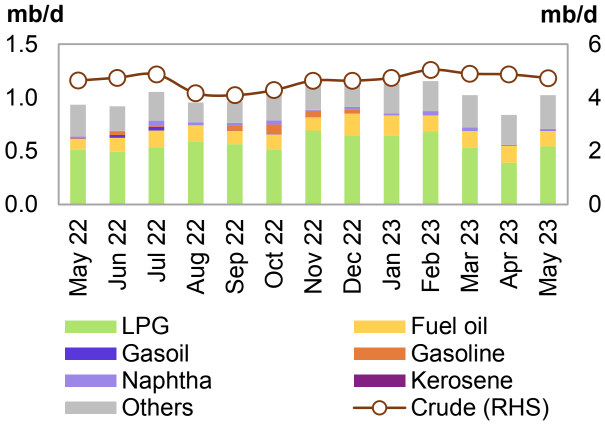
Looking ahead, China's crude imports are likely to remain elevated in June, amid higher flows from the United States. Product exports are expected to decline amid lower outflows of gasoline.

India

India's crude imports declined m-o-m for the third month in a row, averaging 4.7 mb/d in May, coming off a record high level in February. This represents a m-o-m decline of 134 tb/d, or about 3%. Y-o-y, crude inflows were less than 0.1 mb/d, or 2%, higher.

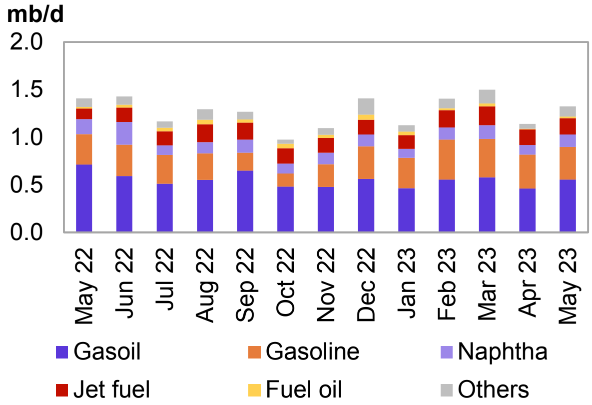
In terms of **crude imports by source**, Kpler data shows Russia was the top supplier of crude to India in May with a share of 46%. Iraq was second with 18%, followed by Saudi Arabia with 11%.

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



Sources: PPAC and OPEC.

Graph 8 - 6: India's exports of products



Sources: PPAC and OPEC.

In terms of **products**, **imports** recovered the previous month's losses, averaging 1.0 mb/d. Inflows were 0.2 mb/d or 22% higher m-o-m, driven largely by a jump in LPG and higher naphtha inflows. Compared with the same month last year, imports were 89 tb/d or 10% higher.

Product exports partly regained the previous month's losses to average 1.3 mb/d, following a m-o-m increase of 0.2 mb/d or 16%. Gains were seen across most major products, except gasoline. Diesel exports rose by 20%. Y-o-y, product exports fell by just 84 tb/d, or about 6%.

As a result, India remained a **net product exporter** in May at 303 tb/d, which compares to 300 tb/d the month before. In May 2022, India's net exports averaged 476 tb/d.

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

India	Mar 23	Apr 23	May 23	*Change* May 23/Apr 23
Crude oil	4.89	4.87	4.73	-0.13
Total products	-0.48	-0.30	-0.30	0.00
Total crude and products	**4.42**	**4.57**	**4.43**	**-0.14**

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.

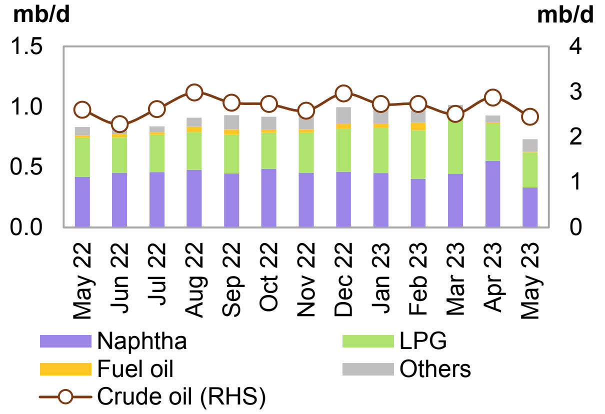
Looking ahead, tanker tracking data shows India's crude imports edging higher in June, with increased inflows of Russian crude to reach 2.2 mb/d according to Kpler data. Product imports are also seen increasing, driven by higher inflows of gasoline, while exports are seen higher supported by LPG outflows, Vortexa data shows.

Japan

Japan's crude imports gave up the previous month's gains in May, averaging 2.5 mb/d, a loss of 0.4 mb/d or almost 15%. Compared with the same month of 2022, imports were 0.2 mb/d, or 6%, lower.

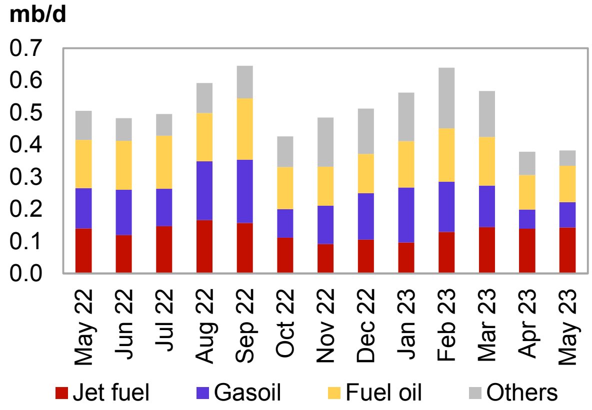
In terms of **crude imports by source**, the United Arab Emirates (UAE) remained at the top spot in May with a share of 43%. Saudi Arabia was second with almost 39%, followed by Kuwait with almost 9%.

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



Sources: METI and OPEC.

Graph 8 - 8: Japan's exports of products



Sources: METI and OPEC.

Product imports, including LPG, fell for the second month in a row, averaging 730 tb/d. Inflows were 21% or 0.2 mb/d lower than in the previous month. Declines driven primarily by naphtha, which offset gains in gasoline and gasoil. Compared to the same month last year, imports fell by more than 12% or 0.1 mb/d.

Product exports were broadly flat, averaging 383 tb/d in May, up just 1%. Increased exports of gasoil offset declines in gasoline. Compared with the same month last year, outflows declined 24% or 0.1 mb/d.

Consequently, Japan's **net product imports**, including LPG, averaged 347 tb/d in May. This compares with 548 tb/d the month before and 326 tb/d in May 2022.

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

Japan	Mar 23	Apr 23	May 23	*Change* May 23/Apr 23
Crude oil	2.51	2.87	2.45	-0.42
Total products	0.45	0.55	0.35	-0.20
Total crude and products	**2.95**	**3.42**	**2.79**	**-0.62**

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

Sources: METI and OPEC.

Looking ahead, tanker tracking data shows Japan's crude imports continuing to decline in June. Product imports are seen picking up from May's low level amid higher inflows of all major products. Japan's product exports are seen increasing amid higher LPG flows to China.

OECD Europe

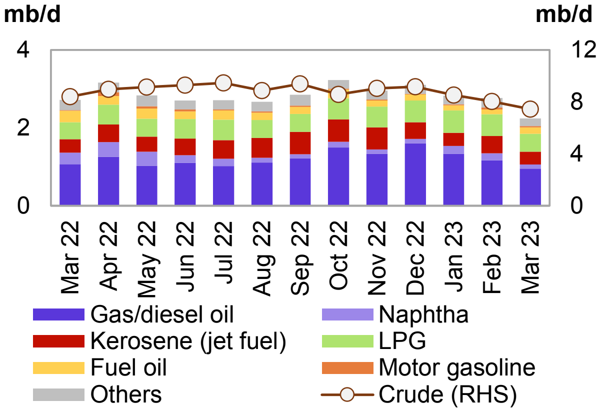
The latest regional data shows **OECD Europe imports** declined further in March, averaging below 8.0 mb/d for the first time since April 2021. Crude flows into the region were down 0.6 mb/d, or about 7% m-o-m. Y-o-y, crude imports declined by about 1.0 mb/d, or more than 11%.

In terms of **import sources** from outside the region, the US was the top supplier in March with close to 1.5 mb/d. Kazakhstan and Saudi Arabia came in second and third, respectively, with 0.8 mb/d and 0.7 mb/d.

Crude exports averaged just 58 tb/d, as North Sea crude continued to remain in the region. This represented a m-o-m decline of 38 tb/d. Y-o-y, crude exports out of the region were 189 tb/d, or almost 77%, lower. In March, about 40 tb/d exports were sent to the US, the top destination for OECD crude exports outside the region.

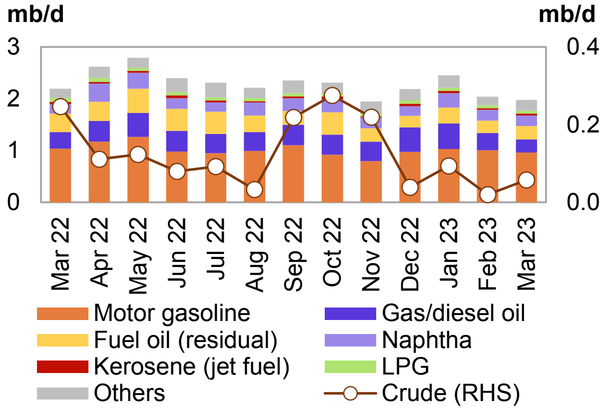
Net crude imports averaged 7.4 mb/d in March, compared with 8.0 mb/d the month before and almost 8.2 mb/d in March 2022.

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



Sources: IEA and OPEC.

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



Sources: IEA and OPEC.

In terms of **products**, **imports** declined to the lowest level since at least 2018, averaging about 2.3 mb/d. This reflected a 0.5 mb/d or about 19% decline m-o-m, with all major products contributing except fuel oil. Compared with March 2022, product inflows were down by 0.5 mb/d or about 17%.

Product exports fell below 2.0 mb/d also for the first time since at least 2018 amid lower diesel and gasoline flows, partially offset by an increase in fuel oil exports. Compared to the previous month, product outflows were 66 tb/d or 3% lower, while y-o-y exports were 0.2 mb/d or about 10% lower.

Net product imports averaged 0.3 mb/d in March, compared with net imports of 0.7 mb/d the month before and 0.5 mb/d in March 2022.

Combined, **net crude and product imports** averaged 7.7 mb/d in March. This compares with 8.7 mb/d the month before and 8.7 mb/d in March 2022.

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

OECD Europe	Jan 23	Feb 23	Mar 23	*Change* Mar 23/Feb 23
Crude oil	8.42	8.00	7.39	-0.61
Total products	0.37	0.73	0.27	-0.46
Total crude and products	**8.79**	**8.73**	**7.66**	**-1.07**

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

Sources: IEA and OPEC.

Preliminary estimates for show OECD Europe crude imports remaining above March levels, amid higher flows to the Netherlands and France. Product imports are also seen moving above March levels, supported by inflows to Turkey.

Eurasia

Total crude oil exports from Russia and Central Asia averaged 6.9 mb/d in May. This represents an increase of 77 tb/d, or 1%, compared to the previous month. Flows were down 298 tb/d, or 4%, compared with the same month last year.

Crude exports through the **Transneft system** increased in May, with gains on all outlets except the ESPO pipeline to mainland China. Outflows averaged almost 4.2 mb/d, representing a m-o-m increase of 111 tb/d, or about 3%. Compared with the same month last year, exports were 338 tb/d, or 7%, lower. Exports from the **Baltic Sea** rose 5% to average 1.8 mb/d. Flows from Primorsk increased 55 tb/d, or over 5%, to average 1.1 mb/d. Exports from Ust-Luga edged up 28 tb/d, or about 4%, to average 729 tb/d. Shipments from the **Black Sea** port of Novorossiysk gained 52 tb/d or 8% to average of 709 tb/d.

Shipments via the **Druzhba** pipeline edged up m-o-m by just over 1% to average 274 tb/d in May. Compared to the same month last year, exports on the pipeline were down by 0.6 mb/d, or 67%. Exports to mainland China via the **ESPO pipeline** slipped 38 tb/d, or about 6%, to average 550 tb/d in May. Flows to the Pacific port of **Kozmino** increased 10 tb/d, or just over 1% m-o-m, to average 880 tb/d.

In the **Lukoil system**, exports via the Varandey offshore platform in the Barents Sea increased m-o-m by over 9% to average 109 tb/d in May. There were no exports from the Kaliningrad terminal for the sixth month in a row.

On other routes, **Russia's Far East** exports decreased by 16% to average 271 tb/d in May. This was a 154 tb/d, or 133%, gain compared to the volumes shipped in the same month last year.

Central Asian exports averaged 227 tb/d in May, an increase of 11 tb/d, or 5%, from the month before, and a decline of 5% y-o-y.

Black Sea total exports from the **CPC terminal** dropped by about 2%, or 25 tb/d, to average 1.4 mb/d in May. This was a decline 6% compared with the same month last year. Flows on the Supsa pipeline remained at zero in May. Exports via the **Baku-Tbilisi-Ceyhan (BTC) pipeline** increased in May, up by about 4%, or 23 tb/d, to average 681 tb/d.

Total product exports from Russia and Central Asia declined by 16%, or 445 tb/d m-o-m, to average 2.3 mb/d in May. M-o-m losses were seen across all major products expect VGO, with gasoil leading losses. Y-o-y, total product exports declined 2%, or 53 tb/d, in May, driven by lower exports of jet and fuel oil.

Commercial Stock Movements

Preliminary May 2023 data sees total OECD commercial oil stocks up m-o-m by 20.2 mb. At 2,815 mb, they were 139 mb higher than the same time one year ago, but 101 mb lower than the latest five-year average and 140 mb below the 2015–2019 average. Within the components, crude and products stocks rose by 5.3 mb and 14.9 mb respectively.

OECD commercial crude stocks stood at 1,401 mb in May. This was 86 mb higher than the same time a year ago, but 34 mb below the latest five-year average and 84 mb lower than the 2015–2019 average. Total product inventories rose by 14.9 mb in May to stand at 1,414 mb. This is 53 mb above the same time a year ago, but 67 mb lower than the latest five-year average and 56 mb below the 2015–2019 average.

In terms of days of forward cover, OECD commercial stocks fell m-o-m by 0.4 days in May to stand at 60.2 days. This is 2.8 days above the May 2022 level, but 3.5 days lower than the latest five-year average and 1.8 days less than the 2015–2019 average.

Preliminary data for June 2023 showed that total US commercial oil stocks rose m-o-m by 5.4 mb to stand at 1,261 mb. This is 81.5 mb, or 6.9%, higher than the same month in 2022, but 24.8 mb, or 1.9%, below the latest five-year average. Crude stocks fell by 7.0 mb, while product stocks rose by 12.5 mb.

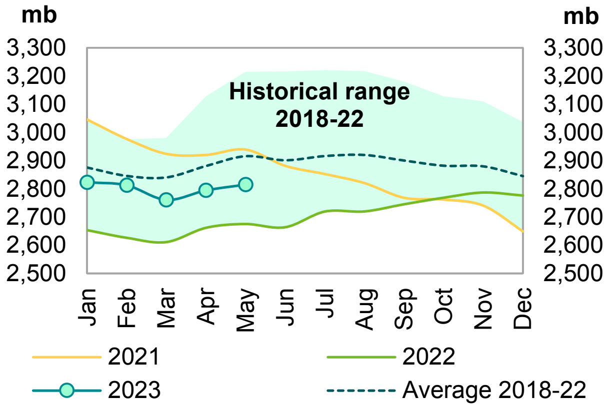
OECD

Preliminary **May 2023** data sees **total OECD commercial oil stocks** up m-o-m by 20.2 mb. At 2,815 mb, they were 139 mb higher than the same time one year ago, but 101 mb lower than the latest five-year average and 140 mb below the 2015–2019 average.

Within the components, crude and products stocks rose by 5.3 mb and 14.9 mb respectively. Within OECD regions, total commercial oil stocks in May increased in OECD America and OECD Pacific, while they fell in OECD Europe.

OECD commercial **crude stocks** stood at 1,401 mb in May. This was 86 mb higher than the same time a year ago, but 34 mb below the latest five-year average and 84 mb lower than the 2015–2019 average.

Graph 9 - 1: OECD commercial oil stocks



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

M-o-m, OECD Americas saw a crude stock draw of 0.7 mb, while stocks in OECD Asia-Pacific and OECD Europe rose by 4.3 mb and 1.8 mb respectively.

Total product inventories rose by 14.9 mb in May to stand at 1,414 mb. This is 53 mb above the same time a year ago, but 67 mb lower than the latest five-year average and 56 mb below the 2015–2019 average. M-o-m, product stocks in OECD Asia Pacific and OECD Europe witnessed a product stock draw of 0.6 mb and 4.6 mb respectively, while stocks in OECD Americas rose by 20.1 mb.

Table 9 - 1: OECD commercial stocks, mb

OECD stocks	May 22	Mar 23	Apr 23	May 23	*Change* May 23/Apr 23
Crude oil	1,315	1,390	1,395	1,401	*5.3*
Products	1,361	1,371	1,400	1,414	*14.9*
Total	**2,676**	**2,761**	**2,795**	**2,815**	***20.2***
Days of forward cover	**57.5**	**60.7**	**60.7**	**60.2**	***-0.4***

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

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

In terms of **days of forward cover**, OECD commercial stocks fell m-o-m by 0.4 days in May to stand at 60.2 days. This is 2.8 days above the May 2022 level, but 3.5 days lower than the latest five-year average and 1.8 days less than the 2015–2019 average.

Within OECD regions, OECD Americas were 3.4 days, OECD Europe 5.5 days and OECD Asia-Pacific 0.2 days below the latest five-year average, to stand at 59.1, 66.8 and 51.7 days respectively.

OECD Americas

OECD Americas' total commercial stocks rose by 19.4 mb m-o-m in May to settle at 1,517 mb. This is 88 mb higher than the same month in 2022, but 31 mb below the latest five-year average.

Commercial **crude oil stocks** in OECD Americas dropped m-o-m by 0.7 mb in May to stand at 774 mb, which is 41 mb higher than in May 2022, but 13 mb below the latest five-year average. The monthly drop in crude oil stocks can be attributed to higher US crude runs, which increased by around 240 tb/d to 16.61 mb/d.

By contrast, **total product stocks** in OECD Americas rose m-o-m, increasing by 20.1 mb in May to stand at 742 mb. This is 47 mb higher than the same month in 2022, but 18 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 fell m-o-m by 2.8 mb in May to settle at 927 mb. This is 7 mb higher than the same month in 2022, but 67 mb below the latest five-year average.

OECD Europe's **commercial crude stocks** rose m-o-m by 1.8 mb to end May at 420 mb. This is 7 mb higher than one year ago, but 20 mb below the latest five-year average. The build in crude oil inventories came despite higher refinery throughput in the EU-14, plus the UK and Norway increasing m-o-m by around 230 tb/d to stand at 9.75 mb/d.

Europe's **product stocks** fell m-o-m by 4.6 mb to end May at 506 mb. This is in line with the same time a year ago, but 47 mb below the latest five-year average.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks rose m-o-m by 3.7 mb in May to stand at 372 mb. This is 44 mb higher than the same time a year ago, but 2.5 mb below the latest five-year average.

OECD Asia Pacific's **crude inventories** rose m-o-m by 4.3 mb to end May at 206 mb. This is 38 mb higher than one year ago, but 0.6 mb below the latest five-year average.

OECD Asia Pacific's **product inventories** fell by 0.6 mb m-o-m to end May at 166 mb. This is 6.4 mb higher than one year ago, but 2.0 mb below the latest five-year average.

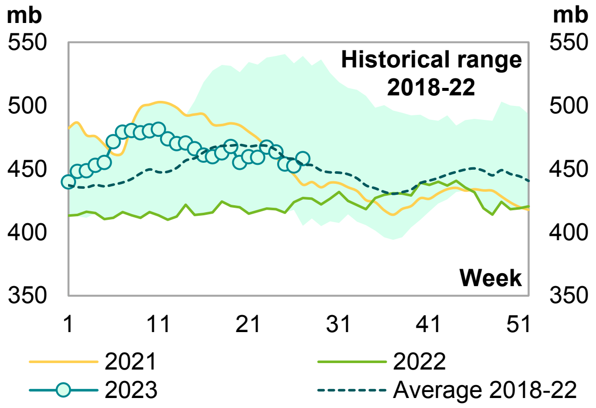
US

Preliminary data for **June 2023** showed that **total US commercial oil stocks** rose m-o-m by 5.4 mb to stand at 1,261 mb. This is 81.5 mb, or 6.9%, higher than the same month in 2022, but 24.8 mb, or 1.9%, below the latest five-year average. Crude stocks fell by 7.0 mb, while product stocks rose by 12.5 mb.

US commercial **crude stocks** in June stood at 452.2 mb. This is 34.7 mb, or 8.3%, higher than the same month of 2022, but 3.2 mb, or 0.7%, less than the latest five-year average. The monthly drop in crude oil stocks can be attributed to higher crude runs, which increased by around 550 tb/d to 17.16 mb/d.

By contrast, **total product stocks** rose in June to stand at 809.0 mb. This is 46.8 mb, or 6.1%, higher than May 2022 levels, but 21.6 mb, or 2.6%, lower than the latest five-year average. The product stock build could be attributed to lower product consumption.

Graph 9 - 2: US weekly commercial crude oil inventories



Sources: EIA and OPEC.

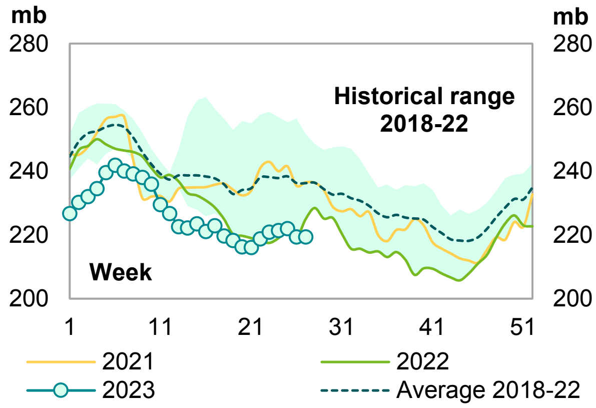
Gasoline stocks rose m-o-m by 0.6 mb in June to settle at 219.5 mb. This is 1.5 mb, or 0.7%, less than the same month of 2022; and 17.2 mb, or 7.3%, below the latest five-year average.

Distillate stocks also rose m-o-m, increasing by 1.6 mb in June to stand at 219.5 mb. This is 2.0 mb, or 1.8%, higher than the same month of 2022, but 22.6 mb, or 16.7%, below the latest five-year average.

By contrast, **residual fuel oil stocks** fell m-o-m by 1.8 mb in June At 30.9 mb, this was 1.7 mb, or 5.8%, higher than a year earlier, but 1.2 mb, or 3.9%, below the latest five-year average

Jet fuel stocks also fell m-o-m by 1.0 mb, ending June at 41.4 mb. This is 2.0 mb, or 5.2%, higher than the same month in 2022, but 0.1 mb, or 0.1%, 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 22	Apr 23	May 23	Jun 23	*Change* *Jun 23/May 23*
Crude oil	**417.5**	**459.9**	**459.2**	**452.2**	***-7.0***
Gasoline	221.0	223.6	218.8	219.5	*0.6*
Distillate fuel	111.4	112.1	111.7	113.4	*1.6*
Residual fuel oil	29.2	32.1	32.7	30.9	*-1.8*
Jet fuel	39.3	41.2	42.3	41.4	*-1.0*
Total products	**762.2**	**785.6**	**796.5**	**809.0**	***12.5***
Total	**1,179.7**	**1,245.5**	**1,255.7**	**1,261.2**	***5.4***
SPR	**493.3**	**363.7**	**353.6**	**347.2**	***-6.4***

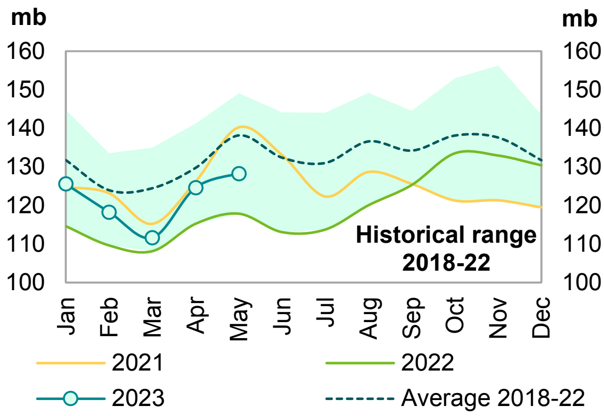
Sources: EIA and OPEC.

Japan

In **Japan**, **total commercial oil stocks** in **May** rose m-o-m by 3.7 mb to settle at 128.3 mb. This is 10.4 mb, or 8.9%, higher than the same month in 2022, but 9.9 mb, or 7.1%, below the latest five-year average. Crude stocks rose m-o-m by 4.3 mb, while product stocks fell m-o-m by 0.6 mb.

Japanese **commercial crude oil stocks** rose m-o-m by 4.3 mb in May to stand at 74.2 mb. This is 10.3 mb, or 16.2%, higher than the same month of 2022, but 4.9 mb, or 6.2%, lower than the latest five-year average. This crude stock build came on the back of lower crude runs, which decreased m-o-m by around 300 tb/d, or 11.4%, to stand at 2.32 mb/d.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

Gasoline stocks rose m-o-m by 0.2 mb to stand at 10.6 mb in May. This was 0.2 mb, or 2.4%, above a year earlier, but 1.2 mb, or 10.4%, lower than the latest five-year average. The build came on the back of higher gasoline imports.

Distillate stocks also rose m-o-m by 1.2 mb to end May at 23.2 mb. This is 1.2 mb, or 5.5%, above the same month of 2022, but 1.4 mb, or 5.6%, below the latest five-year average. Within distillate components, jet fuel, kerosene and gasoil stocks increased by 4.0%, 10.7% and 0.8%, respectively.

Total residual fuel oil stocks rose m-o-m by 0.5 mb to end May at 12.0 mb. This is 0.3 mb, or 2.2%, higher than in the same month of 2022, but 0.7 mb, or 5.7%, below the latest five-year average. Within the components, fuel oil A stocks dropped m-o-m by 1.1% while fuel oil B.C stocks rose by 7.0%.

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

Japan's stocks	May 22	Mar 23	Apr 23	May 23	Change May 23/Apr 23
Crude oil	**63.9**	**62.0**	**70.0**	**74.2**	***4.3***
Gasoline	10.4	10.0	10.5	10.6	*0.2*
Naphtha	9.8	8.9	10.7	8.3	*-2.4*
Middle distillates	22.0	19.3	22.1	23.2	*1.2*
Residual fuel oil	11.7	11.4	11.5	12.0	*0.5*
Total products	**54.0**	**49.6**	**54.7**	**54.1**	***-0.6***
Total**	**117.9**	**111.7**	**124.7**	**128.3**	***3.7***

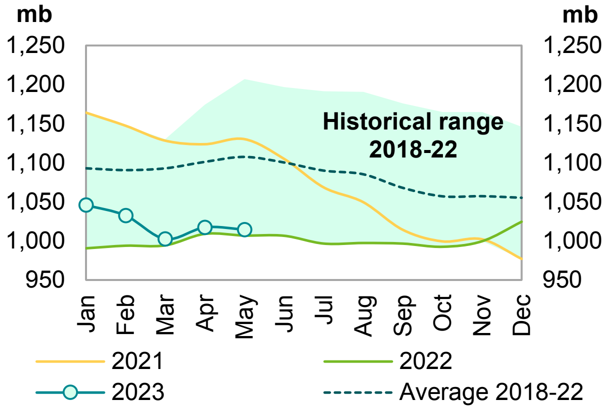
*Note: * At the end of the month. ** Includes crude oil and main products only.*
Sources: METI and OPEC.

EU-14 plus UK and Norway

Preliminary data for **May** showed that **total European commercial oil stocks** fell m-o-m by 2.8 mb to stand at 1,014.4 mb. At this level, they were 7.5 mb, or 0.7%, above the same month of 2022, but 92.9 mb, or 8.4%, lower than the latest five-year average. Crude stocks rose m-o-m by 1.8 mb, while product stocks fell by 4.6 mb.

European **crude inventories** rose in May to stand at 433.2 mb. This is 3.5 mb, or 0.8%, lower than the same month in 2022, and 48.0 mb, or 10.0%, below the latest five-year average. The build in crude oil inventories came despite higher refinery throughput in the EU-14, plus the UK and Norway increasing m-o-m by around 230 tb/d to stand at 9.75 mb/d.

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



Sources: Argus, Euroilstock and OPEC.

By contrast, **total European product stocks** fell by 4.6 mb m-o-m to end May at 581.2 mb. This is 11.0 mb or 1.9% higher than the same month of 2022, and 45.0 mb, or 7.2%, below the latest five-year average.

Gasoline stocks fell m-o-m by 1.4 mb in May to stand at 107.8 mb. At this level, they were 3.2 mb, or 2.9%, lower than the same time in 2022 and 6.1 mb, or 5.4%, below the latest five-year average.

Middle distillate stocks also fell m-o-m by 2.4 mb in May to stand at 382.5 mb. This is 18.0 mb, or 4.9%, higher the same month in 2022, but 32.2 mb, or 7.8%, lower than the latest five-year average.

Residual fuel stocks dropped m-o-m by 1.2 mb in May to stand at 60.3 mb. This is 2.5 mb, or 3.9%, lower than the same month in 2022, and 6.1 mb, or 9.1%, below the latest five-year average.

In contrast, **naphtha stocks** rose m-o-m by 0.4 mb in May, ending the month at 30.6 mb. This is 1.3 mb, or 4.2%, lower than the May 2022 level, and 0.6 mb, or 1.8%, below the latest five-year average.

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

EU stocks	May 22	Mar 23	Apr 23	May 23	Change May 23/Apr 23
Crude oil	**436.7**	**424.1**	**431.4**	**433.2**	***1.8***
Gasoline	111.0	106.9	109.1	107.8	*-1.4*
Naphtha	32.0	30.2	30.3	30.6	*0.4*
Middle distillates	364.5	380.3	384.9	382.5	*-2.4*
Fuel oils	62.8	60.9	61.5	60.3	*-1.2*
Total products	**570.2**	**578.2**	**585.8**	**581.2**	***-4.6***
Total	**1,006.9**	**1,002.3**	**1,017.2**	**1,014.4**	***-2.8***

Sources: Argus, Euroilstock and OPEC.

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

Singapore

In **May**, **total product stocks in Singapore** fell m-o-m by 3.9 mb to reach 42.0 mb. This is 1.0 mb, or 2.3%, lower than the same month in 2022, and 5.2 mb, or 11.0%, below the latest five-year average.

Light distillate stocks fell m-o-m by 0.1 mb in May to stand at 15.1 mb. This is 0.2 mb, or 1.2%, lower than the same month of 2022, but 1.2 mb, or 8.7 %, above the latest five-year average.

Residual fuel oil stocks also fell m-o-m by 3.8 mb, ending May at 18.9 mb. This is 1.8 mb, or 8.5%, lower than May 2022, and 3.9 mb, or 17.0%, less than the latest five-year average.

Meanwhile, **middle distillate stocks** remained unchanged m-o-m in May to stand at 8.0 mb. This is 1.0 mb, or 13.8%, higher than a year earlier, but 2.5 mb, or 23.8%, lower than the latest five-year average.

ARA

Total product stocks in ARA rose m-o-m by 0.5 mb in **May.** At 45.8 mb, they were 8.6 mb, or 23.1%, higher than the same month in 2022 and 1.7 mb, or 3.8%, higher than the latest five-year average.

Gasoline stocks in May rose by 0.4 mb m-o-m to stand at 11.4 mb. This is 0.8 mb, or 8.0%, higher than the same month of 2022 and 1.8 mb, or 19.1%, higher than the latest five-year average.

Gasoil stocks also rose by 0.4 mb m-o-m, ending May at 17.1 mb. This is 5.9 mb, or 52.4%, higher than May 2022 and 0.2 mb, or 1.2%, above the latest five-year average.

Fuel oil stocks also increased by 0.1 mb m-o-m in May to stand at 8.1 mb, which is 1.2 mb, or 17.1%, higher than in May 2022 and broadly at the level of the latest five-year average.

By contrast, **jet oil stocks** fell by 0.5 mb m-o-m to stand at 6.7 mb. This is 0.4 mb, or 5.9%, higher than levels of May 2022 and inline when compared with the latest five-year average.

Fujairah

During the week ending 3 July 2023, **total oil product stocks in Fujairah** fell w-o-w by 0.49 mb to stand at 20.19 mb, according to data from Fed Com and S&P Global Commodity Insights. At this level, total oil stocks were 2.06 mb lower than at the same time a year ago.

Light distillate stocks fell w-o-w by 0.87 mb to stand at 6.23 mb, which is 0.41 mb higher than a year ago.

By contrast, **middle distillate stocks** rose w-o-w by 0.06 mb to stand at 3.56 mb, which is 0.25 mb lower than the same time last year.

Heavy distillate stocks also rose by 0.31 mb w-o-w to stand at 10.40 mb, which is 2.22 mb lower than the same period a year ago.

Balance of Supply and Demand

Demand for OPEC crude in 2023 is revised up by 0.1 mb/d from the previous assessment to stand at 29.4 mb/d. This is around 1.0 mb/d higher than in 2022.

According to secondary sources, OPEC crude production averaged 28.8 mb/d in 1Q23, which is 0.3 mb/d higher than the demand for OPEC crude. In 2Q22, OPEC crude production averaged 28.3 mb/d, which is 0.1 mb/d lower than the demand for OPEC crude.

Based on the initial world oil demand and non-OPEC supply forecast for 2024, demand for OPEC crude is expected to reach 30.2 mb/d, 0.8 mb/d higher than the estimated level in 2023.

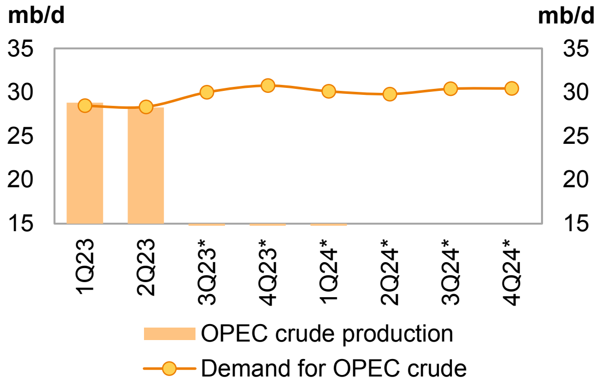
Balance of supply and demand in 2023

Demand for OPEC crude in 2023 is revised up by 0.1 mb/d from the previous assessment to stand at 29.4 mb/d. This is around 1.0 mb/d higher than in 2022.

Compared with the previous assessment, both 1Q23 and 3Q23 were revised up by 0.1 mb/d each, while 4Q23 is revised up by 0.2 mb/d. Meanwhile, demand for OPEC crude in 3Q23 remained unchanged.

Compared with the same quarters in 2022, demand for OPEC crude in 1Q23 is estimated to be 0.1 mb/d lower, while 2Q23, 3Q23 and 4Q23 are expected to be higher by 0.3 mb/d, 1.7 mb/d and 2.0 mb/d, respectively.

Graph 10 - 1: Balance of supply and demand, 2023–2024*



*Note: * 3Q23-4Q24 = Forecast.*
Source: OPEC.

According to secondary sources, OPEC crude production averaged 28.8 mb/d in 1Q23, which is 0.3 mb/d higher than demand for OPEC crude. In 2Q23, OPEC crude production averaged 28.3 mb/d, which is 0.1 mb/d lower than demand for OPEC crude.

Table 10 - 1: Supply/demand balance for 2023*, mb/d

	2022	1Q23	2Q23	3Q23	4Q23	2023	Change 2023/22
(a) World oil demand	**99.56**	**101.61**	**101.22**	**101.95**	**103.21**	**102.00**	***2.44***
Non-OPEC liquids production	65.73	67.69	67.39	66.51	67.00	67.14	*1.41*
OPEC NGL and non-conventionals	5.39	5.44	5.47	5.43	5.43	5.44	*0.05*
(b) Total non-OPEC liquids production and OPEC NGLs	**71.13**	**73.13**	**72.86**	**71.94**	**72.43**	**72.59**	***1.46***
Difference (a-b)	**28.44**	**28.48**	**28.36**	**30.01**	**30.78**	**29.42**	***0.98***
OPEC crude oil production	**28.85**	**28.82**	**28.27**				
Balance	**0.42**	**0.35**	**-0.09**				

*Note: * 2023 = Forecast. Totals may not add up due to independent rounding.*
Source: OPEC.

Balance of supply and demand in 2024

Based on the initial world oil demand and non-OPEC supply forecast for **2024**, **demand for OPEC crude** is expected to reach 30.2 mb/d, 0.8 mb/d higher than the estimated level in 2023.

Compared with the same quarters in 2023, demand for OPEC crude in 1Q24, 2Q24 and 3Q24 are forecast to be 1.7 mb/d, 1.5 mb/d and 0.4 mb/d higher, respectively, while 4Q24 is expected to be lower by 0.3 mb/d.

Table 10 - 2: Supply/demand balance for 2024*, mb/d

	2023	1Q24	2Q24	3Q24	4Q24	2024	Change 2024/23
(a) World oil demand	**102.00**	**103.64**	**103.39**	**104.63**	**105.31**	**104.25**	***2.25***
Non-OPEC liquids production	67.14	68.01	68.03	68.72	69.35	68.53	*1.39*
OPEC NGL and non-conventionals	5.44	5.49	5.54	5.50	5.50	5.51	*0.07*
(b) Total non-OPEC liquids production and OPEC NGLs	**72.59**	**73.50**	**73.57**	**74.22**	**74.85**	**74.04**	***1.45***
Difference (a-b)	**29.42**	**30.13**	**29.82**	**30.42**	**30.46**	**30.21**	***0.79***

*Note: * 2024 = 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	2020	2021	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24	4Q24	2024
World demand													
Americas	22.45	24.32	25.01	24.58	25.14	25.51	25.09	25.08	24.76	25.31	25.71	25.25	25.26
of which US	*18.35*	*20.03*	*20.43*	*20.12*	*20.52*	*20.75*	*20.37*	*20.44*	*20.12*	*20.66*	*20.91*	*20.51*	*20.58*
Europe	12.41	13.11	13.50	13.06	13.34	14.07	13.37	13.46	13.11	13.40	14.14	13.41	13.52
Asia Pacific	7.17	7.38	7.43	7.86	7.05	7.27	7.69	7.47	7.89	7.07	7.30	7.70	7.49
Total OECD	**42.03**	**44.80**	**45.95**	**45.49**	**45.52**	**46.85**	**46.16**	**46.01**	**45.77**	**45.77**	**47.16**	**46.36**	**46.27**
China	13.94	15.00	14.85	15.63	15.96	15.38	16.11	15.77	16.20	16.42	16.00	16.78	16.35
India	4.51	4.77	5.14	5.40	5.41	5.21	5.50	5.38	5.63	5.65	5.44	5.69	5.60
Other Asia	8.13	8.67	9.02	9.40	9.65	9.14	9.24	9.35	9.66	9.90	9.50	9.60	9.66
Latin America	5.90	6.25	6.44	6.60	6.52	6.71	6.68	6.63	6.79	6.71	6.93	6.84	6.82
Middle East	7.45	7.79	8.29	8.63	8.47	8.86	8.73	8.67	8.91	8.91	9.41	8.97	9.05
Africa	4.08	4.22	4.40	4.69	4.32	4.43	4.88	4.58	4.80	4.51	4.60	5.01	4.73
Russia	3.39	3.61	3.56	3.68	3.45	3.59	3.87	3.65	3.75	3.56	3.75	3.94	3.75
Other Eurasia	1.07	1.21	1.15	1.24	1.16	1.02	1.22	1.16	1.27	1.20	1.08	1.28	1.21
Other Europe	0.70	0.75	0.77	0.84	0.76	0.75	0.83	0.80	0.86	0.77	0.77	0.84	0.81
Total Non-OECD	**49.16**	**52.27**	**53.62**	**56.12**	**55.70**	**55.11**	**57.05**	**55.99**	**57.87**	**57.62**	**57.48**	**58.96**	**57.98**
(a) Total world demand	**91.19**	**97.08**	**99.56**	**101.61**	**101.22**	**101.95**	**103.21**	**102.00**	**103.64**	**103.39**	**104.63**	**105.31**	**104.25**
Y-o-y change	***-9.09***	***5.89***	***2.49***	***2.16***	***2.92***	***2.47***	***2.20***	***2.44***	***2.03***	***2.17***	***2.68***	***2.10***	***2.25***
Non-OPEC liquids production													
Americas	24.87	25.45	26.84	27.88	27.95	28.22	28.42	28.12	28.64	28.67	29.14	29.45	28.98
of which US	*17.76*	*18.04*	*19.21*	*20.08*	*20.29*	*20.34*	*20.45*	*20.29*	*20.62*	*20.85*	*21.11*	*21.28*	*20.97*
Europe	3.92	3.79	3.57	3.66	3.63	3.80	3.94	3.76	3.94	3.79	3.79	3.90	3.85
Asia Pacific	0.52	0.51	0.48	0.45	0.45	0.48	0.47	0.46	0.47	0.44	0.45	0.44	0.45
Total OECD	**29.31**	**29.75**	**30.89**	**32.00**	**32.03**	**32.50**	**32.84**	**32.34**	**33.05**	**32.90**	**33.39**	**33.79**	**33.28**
China	4.16	4.32	4.48	4.63	4.63	4.50	4.50	4.56	4.58	4.57	4.54	4.54	4.56
India	0.78	0.78	0.77	0.76	0.77	0.78	0.78	0.78	0.79	0.79	0.79	0.78	0.79
Other Asia	2.53	2.42	2.30	2.31	2.31	2.33	2.36	2.33	2.31	2.28	2.26	2.26	2.28
Latin America	6.02	5.96	6.34	6.69	6.71	6.70	6.79	6.72	6.89	6.96	7.09	7.17	7.03
Middle East	3.15	3.19	3.29	3.27	3.29	3.29	3.30	3.29	3.34	3.33	3.32	3.32	3.32
Africa	1.41	1.34	1.29	1.25	1.28	1.32	1.31	1.29	1.31	1.34	1.37	1.38	1.35
Russia	10.54	10.80	11.03	11.20	10.83	9.55	9.57	10.28	10.10	10.22	10.35	10.46	10.28
Other Eurasia	2.91	2.93	2.83	3.00	2.96	2.95	2.98	2.97	3.03	3.02	3.00	3.04	3.02
Other Europe	0.12	0.11	0.11	0.11	0.11	0.11	0.10	0.11	0.10	0.10	0.10	0.10	0.10
Total Non-OECD	**31.64**	**31.85**	**32.44**	**33.23**	**32.89**	**31.54**	**31.69**	**32.33**	**32.44**	**32.61**	**32.82**	**33.05**	**32.73**
Total Non-OPEC production	60.95	61.60	63.34	65.23	64.92	64.04	64.53	64.68	65.50	65.52	66.20	66.83	66.01
Processing gains	2.16	2.29	2.40	2.47	2.47	2.47	2.47	2.47	2.52	2.52	2.52	2.52	2.52
Total Non-OPEC liquids production	**63.11**	**63.88**	**65.73**	**67.69**	**67.39**	**66.51**	**67.00**	**67.14**	**68.01**	**68.03**	**68.72**	**69.35**	**68.53**
OPEC NGL + non-conventional oils	5.17	5.28	5.39	5.44	5.47	5.43	5.43	5.44	5.49	5.54	5.50	5.50	5.51
(b) Total non-OPEC liquids production and OPEC NGLs	**68.27**	**69.17**	**71.13**	**73.13**	**72.86**	**71.94**	**72.43**	**72.59**	**73.50**	**73.57**	**74.22**	**74.85**	**74.04**
Y-o-y change	***-2.55***	***0.90***	***1.96***	***2.29***	***2.65***	***0.76***	***0.16***	***1.46***	***0.37***	***0.71***	***2.28***	***2.43***	***1.45***
OPEC crude oil production (secondary sources)	25.72	26.35	28.85	28.82	28.27								
Total liquids production	94.00	95.51	99.98	101.95	101.13								
Balance (stock change and miscellaneous)	2.81	-1.56	0.42	0.35	-0.09								
OECD closing stock levels, *mb*													
Commercial	3,037	2,649	2,776	2,761									
SPR	1,541	1,484	1,214	1,217									
Total	**4,578**	**4,133**	**3,990**	**3,978**									
Oil-on-water	1,148	1,202	1,399	1,413									
Days of forward consumption in OECD, *days*													
Commercial onland stocks	68	58	60	61									
SPR	34	32	26	27									
Total	**102**	**90**	**87**	**87**									
Memo items													
(a) - (b)	**22.92**	**27.91**	**28.44**	**28.48**	**28.36**	**30.01**	**30.78**	**29.42**	**30.13**	**29.82**	**30.42**	**30.46**	**30.21**

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	2020	2021	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24	4Q24	2024
World demand													
Americas	-	-	-	-0.03	-	-	-	-0.01					
of which US	*-*	*-*	*-*	*-0.04*	*0.09*	*-*	*-*	*0.01*					
Europe	-	-0.02	-	0.12	-	-0.02	0.01	0.03					
Asia Pacific	-	-	-	-0.03	-	-	-	-0.01					
Total OECD	**-**	**-0.02**	**-**	**0.06**	**0.01**	**-0.02**	**0.01**	**0.01**					
China	-	-	-	-	0.40	-0.05	-0.05	0.07					
India	-	-	-	-	-	-	-	-					
Other Asia	-	-	-	-	-	-	-	-					
Latin America	-	0.02	-	-	0.03	-	-	0.01					
Middle East	-	-	-	-	-	-	-	-					
Africa	-	-	-	-	-0.02	-	-	-0.01					
Russia	-	-	-	-	-	-	-	-					
Other Eurasia	-	-	-	-	-	-	-	-					
Other Europe	-	-	-	-	-	-	-	-					
Total Non-OECD	**-**	**0.02**	**-**	**-**	**0.41**	**-0.05**	**-0.05**	**0.08**					
(a) Total world demand	**-**	**-**	**-**	**0.06**	**0.42**	**-0.08**	**-0.04**	**0.09**					
Y-o-y change	***-***	***-***	***-***	***0.06***	***0.41***	***-0.05***	***-0.05***	***0.09***					
Non-OPEC liquids production													
Americas	-	-	-	0.01	0.06	0.01	-0.01	0.01					
of which US	*-*	*-*	*-*	*0.01*	*0.11*	*-*	*-0.02*	*0.02*					
Europe	-	-	-	-	-0.06	-	-	-0.01					
Asia Pacific	-	-	-	-	-0.03	-0.01	-0.01	-0.01					
Total OECD	**-**	**-**	**-**	**-**	**-0.04**	**-**	**-0.02**	**-0.01**					
China	-	-	-	-	0.03	-	-	0.01					
India	-	-	-	-	-0.01	-	-	-					
Other Asia	-	-	-0.01	-0.01	-0.04	-0.01	-0.01	-0.02					
Latin America	-	-	-	-0.01	0.04	-	-	0.01					
Middle East	-	-	-	-	-	-	-	-					
Africa	-	-	-	-0.01	-0.04	-	-	-0.01					
Russia	-	-	-	-0.03	0.45	-0.21	-0.21	-					
Other Eurasia	-	-	-	-	-0.01	-	-	-					
Other Europe	-	-	-	-	-	-	-	-					
Total Non-OECD	**-**	**-**	**-0.01**	**-0.05**	**0.43**	**-0.22**	**-0.22**	**-0.02**					
Total Non-OPEC production	-	-	-0.01	-0.05	0.40	-0.21	-0.24	-0.03					
Processing gains	-	-	-	-	-	-	-	-					
Total Non-OPEC liquids production	**-**	**-**	**-0.01**	**-0.05**	**0.39**	**-0.22**	**-0.24**	**-0.03**					
OPEC NGL + non-conventional oils	-	-	-	-	-	-	-	-					
(b) Total non-OPEC liquids production and OPEC NGLs	**-**	**-**	**-0.01**	**-0.05**	**0.40**	**-0.21**	**-0.24**	**-0.03**					
Y-o-y change	***-***	***-***	***-0.01***	***-0.03***	***0.34***	***-0.17***	***-0.23***	***-0.02***					
OPEC crude oil production (secondary sources)	-	-	-	-									
Total liquids production	-	-	-	-0.05									
Balance (stock change and miscellaneous)	-	-	-	-0.11									
mb													
Commercial	-	-1	-	-16									
SPR	-	-	-	-6									
Total	**-**	**-1**	**-**	**-23**									
Oil-on-water	-	-	-	-									
Days of forward consumption in OECD, *days*													
Commercial onland stocks	-	-	-	-									
SPR	-	-	-	-									
Total	**-**	**-**	**-**	**-1**									
Memo items													
(a) - (b)	**-**	**-**	**-**	**0.11**	**0.02**	**0.14**	**0.19**	**0.12**					

*Note: * This compares Table 11 - 1 in this issue of the MOMR with Table 11 - 1 in the June 2023 issue.*
This table shows only where changes have occurred.
Source: OPEC.

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

OECD oil stocks and oil on water	2020	2021	2022	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Closing stock levels, mb											
OECD onland commercial	**3,037**	**2,649**	**2,776**	**2,881**	**2,768**	**2,649**	**2,612**	**2,664**	**2,745**	**2,776**	**2,761**
Americas	1,613	1,470	1,487	1,553	1,523	1,470	1,407	1,436	1,469	1,487	1,489
Europe	1,043	856	936	971	890	856	889	910	917	936	921
Asia Pacific	380	324	353	357	355	324	316	318	359	353	351
OECD SPR	**1,541**	**1,484**	**1,214**	**1,524**	**1,513**	**1,484**	**1,442**	**1,343**	**1,245**	**1,214**	**1,217**
Americas	640	596	374	623	620	596	568	495	418	374	373
Europe	487	479	461	487	485	479	468	452	447	461	460
Asia Pacific	414	409	378	413	408	409	406	395	380	378	383
OECD total	**4,578**	**4,133**	**3,990**	**4,405**	**4,281**	**4,133**	**4,054**	**4,007**	**3,991**	**3,990**	**3,978**
Oil-on-water	**1,148**	**1,202**	**1,399**	**1,131**	**1,169**	**1,202**	**1,231**	**1,304**	**1,407**	**1,399**	**1,413**
Days of forward consumption in OECD, days											
OECD onland commercial	**68**	**58**	**60**	**63**	**59**	**58**	**58**	**57**	**60**	**61**	**61**
Americas	66	59	59	63	61	59	56	57	59	60	59
Europe	79	63	70	70	64	65	66	65	69	72	69
Asia Pacific	51	44	47	51	46	41	45	44	47	45	50
OECD SPR	**35**	**34**	**34**	**33**	**32**	**32**	**32**	**29**	**27**	**27**	**27**
Americas	26	24	24	25	25	24	23	20	17	15	15
Europe	37	35	36	35	35	36	35	32	34	36	35
Asia Pacific	56	55	55	58	52	52	58	55	49	48	54
OECD total	**103**	**92**	**95**	**96**	**91**	**90**	**89**	**86**	**87**	**88**	**87**

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

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

Non-OPEC liquids production and OPEC NGLs	2022	Change 2022/21	1Q23	2Q23	3Q23	4Q23	2023	Change 2023/22	1Q24	2Q24	3Q24	4Q24	2024	Change 2024/23
US	19.2	1.2	20.1	20.3	20.3	20.5	20.3	1.1	20.6	20.8	21.1	21.3	21.0	0.7
Canada	5.6	0.2	5.7	5.5	5.8	5.9	5.7	0.1	6.0	5.8	6.0	6.1	6.0	0.2
Mexico	2.0	0.1	2.1	2.1	2.1	2.0	2.1	0.1	2.0	2.0	2.0	2.0	2.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OECD Americas	**26.8**	**1.4**	**27.9**	**28.0**	**28.2**	**28.4**	**28.1**	**1.3**	**28.6**	**28.7**	**29.1**	**29.5**	**29.0**	**0.9**
Norway	1.9	-0.1	2.0	2.0	2.1	2.2	2.1	0.2	2.2	2.1	2.2	2.2	2.2	0.1
UK	0.9	0.0	0.8	0.8	0.9	0.9	0.9	0.0	0.9	0.9	0.8	0.9	0.9	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	0.7	0.0	0.7	0.8	0.8	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
OECD Europe	**3.6**	**-0.2**	**3.7**	**3.6**	**3.8**	**3.9**	**3.8**	**0.2**	**3.9**	**3.8**	**3.8**	**3.9**	**3.9**	**0.1**
Australia	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 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	**0.5**	**0.0**	**0.5**	**0.4**	**0.5**	**0.5**	**0.5**	**0.0**	**0.5**	**0.4**	**0.5**	**0.4**	**0.5**	**0.0**
Total OECD	**30.9**	**1.1**	**32.0**	**32.0**	**32.5**	**32.8**	**32.3**	**1.5**	**33.1**	**32.9**	**33.4**	**33.8**	**33.3**	**0.9**
China	**4.5**	**0.2**	**4.6**	**4.6**	**4.5**	**4.5**	**4.6**	**0.1**	**4.6**	**4.6**	**4.5**	**4.5**	**4.6**	**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**
Brunei	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
Indonesia	0.8	0.0	0.9	0.9	0.8	0.8	0.8	0.0	0.8	0.8	0.8	0.8	0.8	0.0
Malaysia	0.6	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
Thailand	0.4	-0.1	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	**2.3**	**-0.1**	**2.3**	**2.3**	**2.3**	**2.4**	**2.3**	**0.0**	**2.3**	**2.3**	**2.3**	**2.3**	**2.3**	**-0.1**
Argentina	0.8	0.1	0.8	0.8	0.8	0.8	0.8	0.1	0.8	0.9	0.9	0.9	0.9	0.0
Brazil	3.7	0.1	3.9	3.9	4.0	4.0	4.0	0.2	4.0	4.0	4.1	4.1	4.1	0.1
Colombia	0.8	0.0	0.8	0.8	0.7	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
Guyana	0.3	0.2	0.4	0.4	0.4	0.4	0.4	0.1	0.4	0.5	0.5	0.6	0.5	0.1
Latin America	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Latin America	**6.3**	**0.4**	**6.7**	**6.7**	**6.7**	**6.8**	**6.7**	**0.4**	**6.9**	**7.0**	**7.1**	**7.2**	**7.0**	**0.3**
Bahrain	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
Oman	1.1	0.1	1.1	1.0	1.0	1.0	1.0	0.0	1.1	1.1	1.1	1.1	1.1	0.0
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
Syria	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Yemen	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	**3.3**	**0.1**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**0.0**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**0.0**
Cameroon	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
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	0.2	0.0	0.1	0.2	0.1	0.1	0.1	0.0	0.1	0.1	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
Sudans	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
Africa other	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.2	0.2	0.2	0.2	0.1
Africa	**1.3**	**0.0**	**1.3**	**1.3**	**1.3**	**1.3**	**1.3**	**0.0**	**1.3**	**1.3**	**1.4**	**1.4**	**1.3**	**0.1**
Russia	**11.0**	**0.2**	**11.2**	**10.8**	**9.6**	**9.6**	**10.3**	**-0.8**	**10.1**	**10.2**	**10.3**	**10.5**	**10.3**	**0.0**
Kazakhstan	1.8	0.0	2.0	1.9	1.9	1.9	1.9	0.1	2.0	2.0	2.0	2.0	2.0	0.1
Azerbaijan	0.7	0.0	0.7	0.7	0.8	0.8	0.7	0.0	0.7	0.7	0.7	0.7	0.7	0.0
Eurasia others	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.0
Other Eurasia	**2.8**	**-0.1**	**3.0**	**3.0**	**2.9**	**3.0**	**3.0**	**0.1**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**	**0.1**
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	**32.4**	**0.6**	**33.2**	**32.9**	**31.5**	**31.7**	**32.3**	**-0.1**	**32.4**	**32.6**	**32.8**	**33.0**	**32.7**	**0.4**
Non-OPEC	63.3	1.7	65.2	64.9	64.0	64.5	64.7	1.3	65.5	65.5	66.2	66.8	66.0	1.3
Processing gains	2.4	0.1	2.5	2.5	2.5	2.5	2.5	0.1	2.5	2.5	2.5	2.5	2.5	0.1
Non-OPEC liquids production	**65.7**	**1.8**	**67.7**	**67.4**	**66.5**	**67.0**	**67.1**	**1.4**	**68.0**	**68.0**	**68.7**	**69.4**	**68.5**	**1.4**
OPEC NGL	5.3	0.1	5.3	5.4	5.3	5.3	5.3	0.0	5.4	5.4	5.4	5.4	5.4	0.1
OPEC Non-conventional	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
OPEC (NGL+NCF)	**5.4**	**0.1**	**5.4**	**5.5**	**5.4**	**5.4**	**5.4**	**0.0**	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**	**0.1**
Non-OPEC & OPEC (NGL+NCF)	**71.1**	**2.0**	**73.1**	**72.9**	**71.9**	**72.4**	**72.6**	**1.5**	**73.5**	**73.6**	**74.2**	**74.9**	**74.0**	**1.5**

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

Table 11 - 5: World rig count, units

World rig count	2020	2021	2022	Change 2022/21	4Q22	1Q23	2Q23	May 23	Jun 23	Change Jun/May
US	436	475	722	*247*	775	761	719	721	685	*-36*
Canada	90	133	174	*41*	186	221	119	90	158	*68*
Mexico	41	45	47	*2*	50	48	60	64	67	*3*
OECD Americas	**567**	**654**	**945**	***291***	**1,014**	**1,033**	**900**	**877**	**912**	***35***
Norway	16	17	17	*0*	17	16	13	9	15	*6*
UK	6	8	10	*2*	10	11	13	12	12	*0*
OECD Europe	**59**	**58**	**65**	***7***	**67**	**67**	**67**	**62**	**68**	***6***
OECD Asia Pacific	**22**	**23**	**24**	***1***	**25**	**23**	**27**	**27**	**29**	***2***
Total OECD	**648**	**735**	**1,034**	***299***	**1,106**	**1,123**	**994**	**966**	**1,009**	***43***
Other Asia*	187	174	186	*12*	188	193	210	218	209	*-9*
Latin America	58	91	119	*28*	130	127	122	122	118	*-4*
Middle East	57	57	62	*5*	65	62	61	61	59	*-2*
Africa	43	42	57	*15*	60	60	56	55	55	*0*
Other Europe	12	9	10	*1*	13	11	11	11	11	*0*
Total Non-OECD	**357**	**373**	**434**	***61***	**456**	**453**	**460**	**467**	**452**	***-15***
Non-OPEC rig count	**1,005**	**1,108**	**1,468**	***360***	**1,562**	**1,576**	**1,454**	**1,433**	**1,461**	***28***
Algeria	31	26	32	*6*	33	32	33	32	36	*4*
Angola	3	4	7	*3*	9	9	9	9	9	*0*
Congo	1	0	1	*1*	1	1	2	2	2	*0*
Equatorial Guinea**	0	0	0	*0*	0	0	0	0	0	*0*
Gabon	3	2	3	*1*	3	3	3	3	3	*0*
Iran**	117	117	117	*0*	117	117	117	117	117	*0*
Iraq	47	39	51	*12*	55	60	62	62	62	*0*
Kuwait	45	25	27	*2*	28	24	25	27	24	*-3*
Libya	12	13	7	*-6*	8	11	15	14	16	*2*
Nigeria	11	7	10	*3*	10	14	13	13	14	*1*
Saudi Arabia	93	62	73	*11*	80	78	83	84	81	*-3*
UAE	54	42	47	*5*	52	53	57	58	56	*-2*
Venezuela	15	6	3	*-3*	3	3	3	3	3	*0*
OPEC rig count	**432**	**343**	**377**	***34***	**398**	**405**	**422**	**424**	**423**	***-1***
World rig count***	**1,437**	**1,451**	**1,845**	***394***	**1,959**	**1,980**	**1,877**	**1,857**	**1,884**	***27***
of which:										
Oil	1,116	1,143	1,462	*319*	1,552	1,567	1,484	1,472	1,505	*33*
Gas	275	275	352	*77*	374	376	347	342	329	*-13*
Others	46	33	31	*-2*	33	37	46	43	50	*7*

*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 0.63 in June	June 2023	75.19
	May 2023	75.82
	Year-to-date	**79.32**

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

up 0.09 in June	June 2023	28.19
	May 2023	28.10

Economic growth rate *per cent*

	World	OECD	US	Euro–zone	Japan	China	India
2023	2.6	1.1	1.4	0.7	1.1	5.2	5.6
2024	2.5	0.9	0.7	0.8	1.0	4.8	5.9

Supply and demand *mb/d*

2023		**23/22**	**2024**		**24/23**
World demand	102.0	2.4	World demand	104.2	2.2
Non-OPEC liquids production	67.1	1.4	Non-OPEC liquids production	68.5	1.4
OPEC NGLs	5.4	0.0	OPEC NGLs	5.5	0.1
Difference	**29.4**	**1.0**	**Difference**	**30.2**	**0.8**

OECD commercial stocks *mb*

	Mar 23	Apr 23	May 23	May 23/Apr 23
Crude oil	1,390	1,395	1,401	5.3
Products	1,371	1,400	1,414	14.9
Total	**2,761**	**2,795**	**2,815**	**20.2**
Days of forward cover	60.7	60.7	60.2	-0.4

Next report to be issued on 10 August 2023.