

## OIL MARKET REPORT – JANUARY 2017

### EXECUTIVE SUMMARY

Crude oil market was trading in a narrow range above \$50 per bbl in January. It looks like this period of low volatility will come to the end soon and risks are skewed to the downside.

**Bearish risks for crude oil price** are now almost palpable in over-concentration of speculative net longs in U.S. oil futures and options. The logic is simple, usually if the market is bullish, the rally should have been continued on all the news about high rate of OPEC cut implementation since the beginning of the year. Instead, the market has gone in consolidation in spite of buying more than 100 thousands lots of WTI futures and options at NYMEX by Hedge Funds since December 6.

OPEC and non-OPEC countries are implementing about 80% of November cut deal, according to monitoring committee. Several members of the Organization of Petroleum Exporting Countries say they've already made their pledged reductions, with Saudi Arabia, Kuwait and Algeria saying they've cut even deeper.

Saudi Arabia, OPEC's largest producer and the world's largest crude oil exporter, has set the precedent with its minister recently saying production this month was less than 10 mln b / d, its lowest output in almost two years after hitting highs of 10.72 mln b / d late last year.

Preliminary data from the Russian energy ministry's Central Dispatching Unit indicated that output was down by as much as 150,000 b/d on some days in early January, although this was largely due to abnormally low temperatures in some oil producing areas.

The Organization of Petroleum Exporting Countries pumped 32.3 mln b / d in January, according to a Bloomberg News survey of analysts, oil companies and ship-tracking data. The 10 members of the group that pledged to make cuts in Vienna two months ago implemented 83 percent of those reductions on average, but their efforts were offset by increases from Iran, Nigeria and Libya that were permitted under the terms of the agreement.

Accounting for the members who raised output and the suspension of Indonesia, OPEC's total output remains 550,000 barrels a day above the target set out in the Nov. 30 deal. That means the group as a whole is only about 60 percent of the way toward the production level it deems necessary to eliminate a global oversupply and boost prices.

OPEC is hoping to achieve 100 percent compliance with the pledged reductions, according to the Kuwaiti oil minister, who is chair of committee that monitors the agreement. In the last organized cuts in 2008, OPEC's compliance rate stood at 70 percent, according to Hasan Qabazard, OPEC's former head of research.

#### **The reasons for the market to ignore bullish OPEC high compliance level:**

1. Firstly, cheating is highly expected from export countries. According to Platts, market analysts are cautious about drawing any conclusions until data for the full month of January is released on February 2. CDU data will be used to assess Russian output throughout the duration of the deal.
2. Even if hard data will prove high rate of this cut implementation, there is no trust in how long it can last. Hence, this is only voluntarily cuts each country could try to sell some more at substantially high prices. These countries' economies are

mostly relied on crude oil export and some of them are in difficult financial situations to avoid such opportunity to get more export dollars (Venezuela, Iraq etc.).

3. Lastly, market fundamentals is likely so weak that pledged OPEC + non-OPEC 1.8 mln b / d oil production cut may be just not enough to support higher prices. When OPEC calculated volumes of production to cut in September last year, U.S. oil production was declining. Now, it is on the rise again. The more successful OPEC and non-OPEC producers are in speeding up the market rebalancing and pushing up prices, the quicker the turnaround in output from the likes of the US, Canada, Brazil, China and Colombia, which could counterbalance the cuts. The IEA has predicted US shale will make a 500,000 b/d gain from December 2016 to December 2017.

Pace of demand growth this year may be overestimated. In the USA, gasoline glut is getting worse. Demand covering ratio is now more than 30 days of supply. In other words, gasoline inventories would last 30.7 days, the highest level since March 1995.

Possibly, the market is in supply/demand balance point now and that is why crude oil volatility is so low. In that case the oversupply in world oil storages would not be lowering and will be putting pressure on crude oil, prohibiting the price from continue its rally. Additionally, expected decline in compliance from OPEC (perhaps, some cheating), positive surprises from U.S. shale oil production can return crude oil price below \$50 per bbl.

**Crude oil production in the USA** kept on rising in January by 125 thsd bbl / d or 1.4% up to date (the most recent data is for Jan-20) in comparison with December data and decreased by 319 thsd bbl / d or 3.5% in comparison with January 2015 figures. January was the third month of increasing production in a row from lows 8.49 mln bbl / d in October. Total production of shale oil in the US in January slightly added 19 thsd bbl / d over December data and on the year-on-year basis the decline rate was equal to 6.2% or 329 thsd bbl / d.

**Crude oil demand numbers from China** will be especially crucial for the market this year, because there is so much talking now about peak oil demand in the coming years. In December crude oil import in China jumped to a record 8.6 mln b / d. Crude imports by Chinese teapot refineries are at record high of 5.97 mln tons in January. Average imports in 2016 doubled comparing to 2015 and were at 3.5 mln tons per month level. The government limited further rising by quotes for private refineries, but current increase is still considerable one comparing to last year average. The government has now approved the teapots to buy a total of 68.81 mln metric tons of crude from overseas under a first batch of allocations for 2017, according to officials from companies that received the notification. Of that, 45.64 mln tons can be bought directly by the private refiners (3.8 mln tons per month). The rest will be processed via state-owned traders and other agents.

According to Platt's calculations, China's apparent oil demand, excluding output from independent refineries, slipped into the negative territory in 2016, a sharp reversal from the near 7% growth witnessed a year earlier, as the country's slowest GDP growth in 26 years slashed appetite for industrial and transportation fuels in Asia's biggest oil consuming nation. However, if output from the independent sector is taken into account, apparent demand last year is estimated to be around 11.34 mln b / d, representing 1.3% year-on-year growth. Platts forecasts China's apparent demand will reach 11.57 mln b / d in 2017, a 2% increase against the adjusted numbers for 2016.

## 1. MARKET PERFORMANCE

Crude oil prices closed almost flat in January. Crude oil market usually looks weaker in the beginning of the year to bounce back in February. WTI and Brent benchmarks fell by 5-6% at the start. However, OPEC and non-OPEC countries did not allow the price to test \$50 per bbl, having announced a high level of production cut implementation. Eventually crude oil price has come back and the market is in consolidation before next significant move.

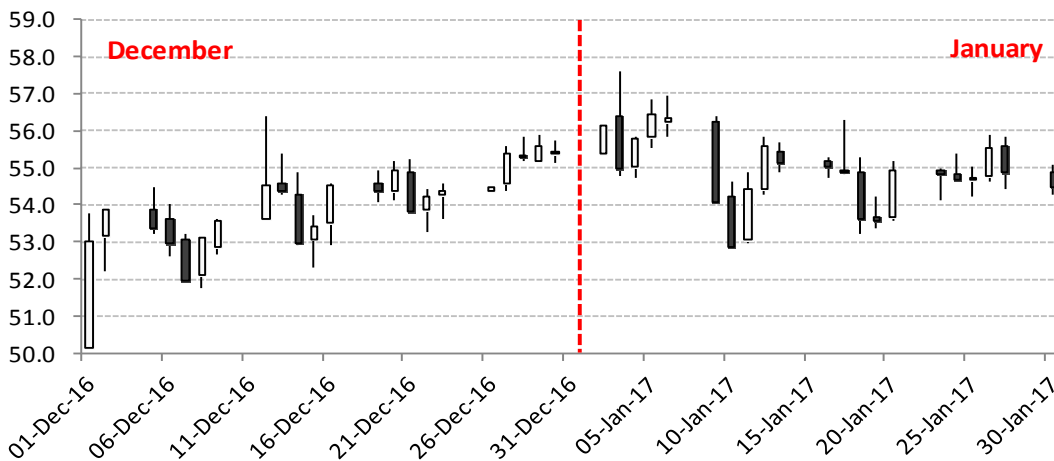
Positive data from second sources regarding OPEC high compliance level on February 2 brought additional positive sentiment to the market, while U.S. production was staying below 9 mln b / d. Breaking through the resistance into higher trading range became more likely after positive hard data announcement. If successful, crude oil price will be consolidating in the higher \$55-60 per bbl range.

Brent futures curve is in contango in the short-term and in considerable backwardation from the middle of 2017. It seems the market does not believe in OPEC agreement to be prolonged in the second half of the year.

In January effective monthly trade range of Brent spot price was as low as in December at \$3.6 per bbl (6.4% to average price of \$55) in comparison with more than \$6 per bbl range (13.2 to average price of \$46.5).

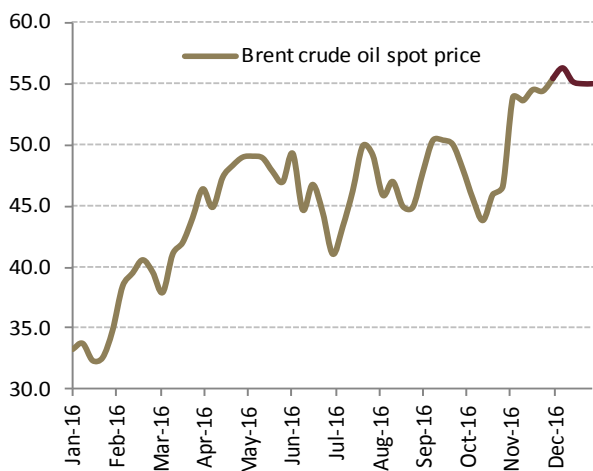
WTI 3-2-1 crack spreads shrank 22.2% in January to \$13.4 per bbl amid rising of distillate and gasoline stocks in the USA, where the weather has been warm in January and hence no help from heating demand. Brent 3-2-1 crack spread almost stayed at prior month level \$9.7 per bbl. Tapis 3-2-1 crack spread rose 38.8% to \$9.7 per bbl.

**Chart 1.1. Brent crude oil price performance over last 2 months, \$ per bbl**



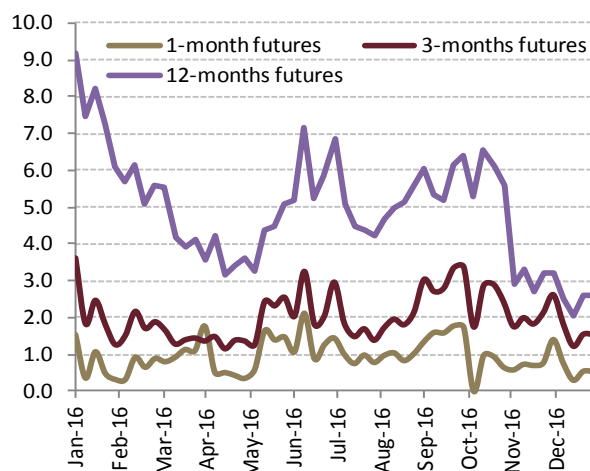
Source: Bloomberg

**Chart 1.2. Brent crude oil price performance over last 12 months, \$ per bbl**



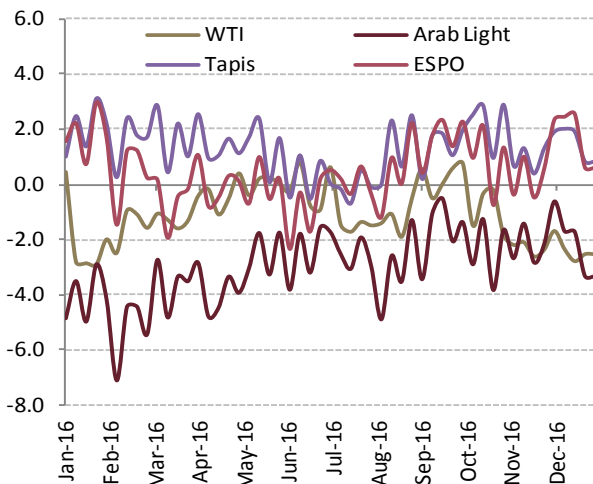
Source: Bloomberg

**Chart 1.3. Contango (+) / backwardation (-) in Brent crude oil futures, \$ per bbl**



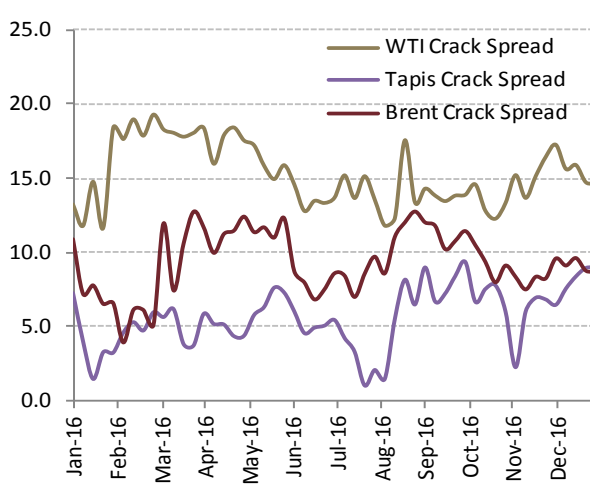
Source: Bloomberg

**Chart 1.4. Crude oil benchmarks premium (+) / discount (-) over Brent crude oil, \$ per bbl**



Source: Bloomberg

**Chart 1.5. Crude oil 321 crack spread, \$ per bbl**



Source: Bloomberg

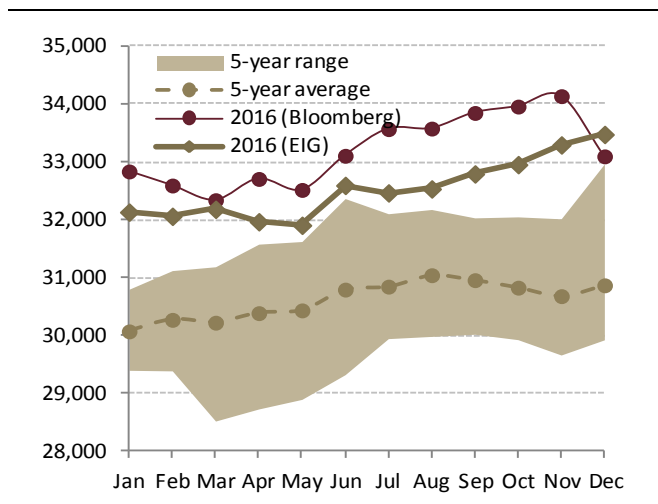
## 2. OPEC PRODUCTION

Indonesia was suspended from OPEC in end-November meeting. In its OPEC oil production assessments Bloomberg just excluded Indonesia volumes without revision of overall OPEC production before that. On the chart 2.1 it looks like total OPEC oil production in December sank by about 1 mln bbl / d. OPEC production actually fell in December, according to Bloomberg assessments, but 0.31 mln bbl / d or 0.9% mom. The largest contribution to the drop was made by Nigeria (-200 thsd bbl / d or -12.1% mom). The only members who increased production this month were Libya (+50 thsd bbl / d or 8.6% mom) and U.A.E (+10 thsd bbl / d or 0.3% mom).

From a y-o-y basis in December Iran demonstrated the most annual crude oil production growth (+930 thsd bbl / d or 33.2%), followed by Libya (+255 thsd bbl / d or +68.0%), Saudi Arabia (+230 thsd bbl / d or +2.2%) and Iraq (+170 thsd bbl / d or +3.8%). The most significant annual production decrease was observed in Nigeria (-469 thsd bbl / d or -24.4%) due to continuous NDA attacks and leaks. Angola, Kuwait, Qatar and Venezuela also produced less crude oil in December than a year ago. Venezuela oil production fell by 276 thsd bbl / d or -11.7% yoy.

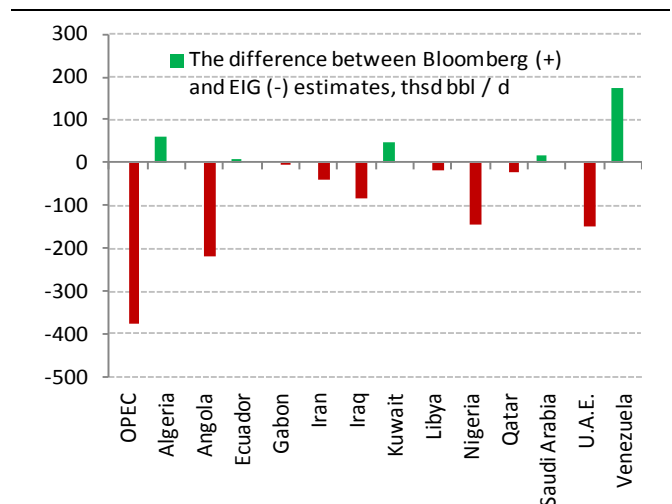
By the same token Energy Intelligence Group (EIG) in December realized its estimates of crude oil production around the world for the previous month (November, 2016). In comparison with earlier November OPEC oil output figures by Bloomberg, EIG evaluated total OPEC production equal to 34.18 mln bbl / d (767 thsd bbl / d more than Bloomberg). In particular EIG printed significantly lower numbers for Venezuela (-213 thsd bbl / d), and Nigeria (-83 thsd bbl / d) relative to Bloomberg ones. Considerable upward assessments were made for U.A.E. crude oil output (+135 thsd bbl / d versus Bloomberg) and Saudi Arabia (+190 thsd bbl / d versus Bloomberg). Gabon, Indonesia, Qatar and Libya made the positive difference for EIG assessment of OPEC crude oil production in November.

Chart 2.1. OPEC crude oil output, thsd bbl / d



Source: Bloomberg, EIG

Chart 2.2. Different assessments of OPEC crude oil output in the previous month

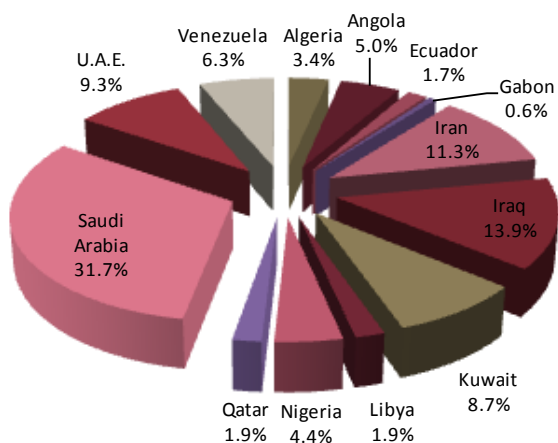


Source: Bloomberg, EIG

In accordance with EIG figures, in December, before cut implementation, OPEC share in a world crude oil output was above 40%. If Libya and Nigeria, excluded from the quotes, do not rump up its production, OPEC share will fall again substantially lower 40%.

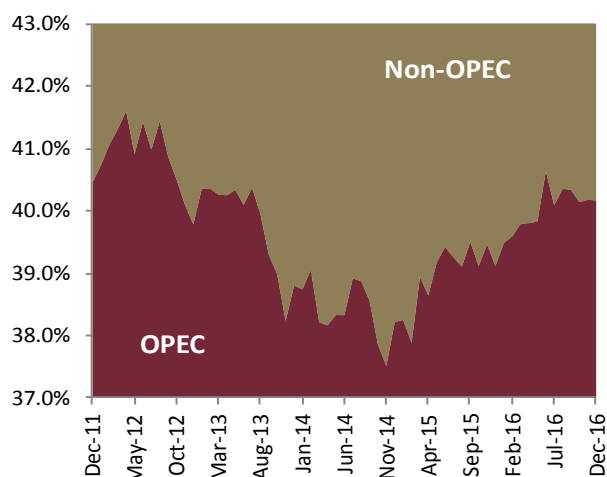
There are some hopes that 11 non-OPEC producers will gradually cut its production, according to the deal, but other non-OPEC countries, especially the USA, are not the part of the agreement. Hence, OPEC share is likely to stay below 40%.

**Chart 2.3. OPEC crude oil production structure, by country**



Source: Bloomberg

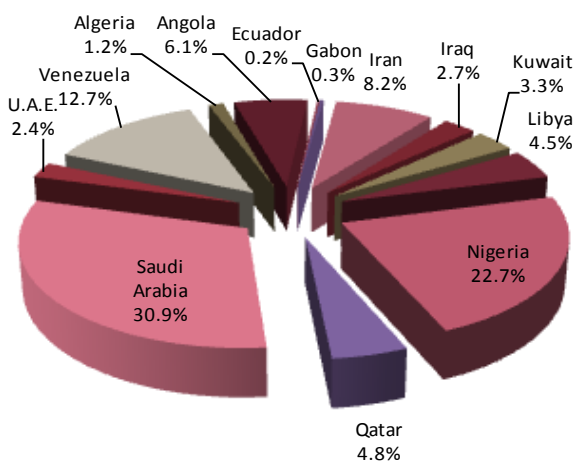
**Chart 2.4. OPEC share, as % of world crude oil production**



Source: EIG

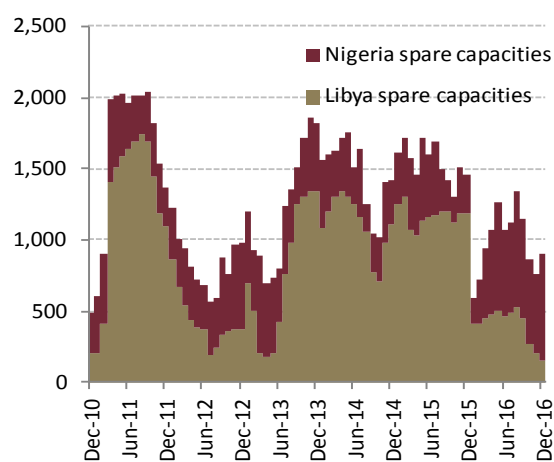
In December the Bloomberg estimated OPEC’s total spare capacities at roughly 3.4 mln bbl / d. More than 60% of OPEC’s potential to ramp up crude oil production were located just in 5 states, namely Saudi Arabia (1020 thsd bbl / d or 30.9% of total), Nigeria (750 thsd bbl / d or 22.7% of total), Angola (200 thsd bbl / d or 6.1% of total), Iran (270 thsd bbl / d or 8.2% of total) and Venezuela (420 thsd bbl / d or 12.7% of total).

**Chart 2.5. OPEC crude oil spare capacities structure, by country**



Source: Bloomberg

**Chart 2.6. Nigeria & Libya oil production disruptions, thsd bbl / d**



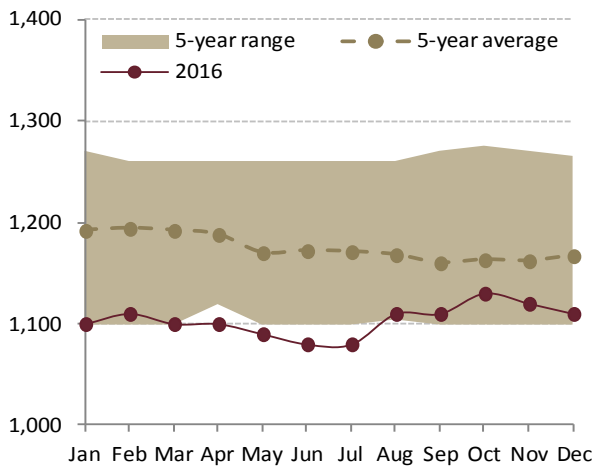
Source: Bloomberg

However, all these OPEC’s free capacities are not the same. Saudi Arabia has a large room to build up production due to its unique main oil-fields characteristics and historical role of main world oil market balancing producer in the Cartel’s strategy. And Iran has capabilities as well as a strong wish to increase its crude oil output to at least 4 mln bbl / d just after a prolonged period of oil embargo. The same time a presence of spare capacities

in Nigeria and Libya are much more a matter of forced necessity than a conscious choice. So these spare capacities are in fact just output disruptions. Continuous civil war in Libya and permanent NDA (Niger Delta Avengers) insurgents attacks in Nigeria wiped out between 1.0 to 2.0 mln bbl / d of crude oil production in these two countries for nearly 5 last years.

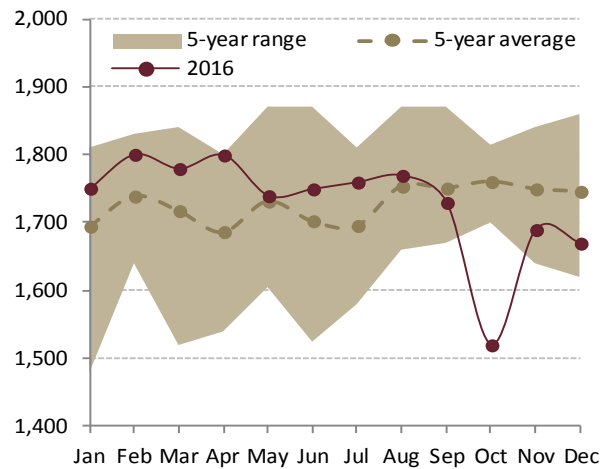
So if Saudi Arabia really wants to implement some ceiling on OPEC’s oil production, it has to make a room for Nigeria and Libya if / when they will restore oil output to much higher «normal» levels. We really doubt that the Kingdom is ready to sacrifice itself so hard now in attempt to restore price control on the world crude oil market.

**Chart 2.7. Algeria crude oil output, thsd bbl / d**



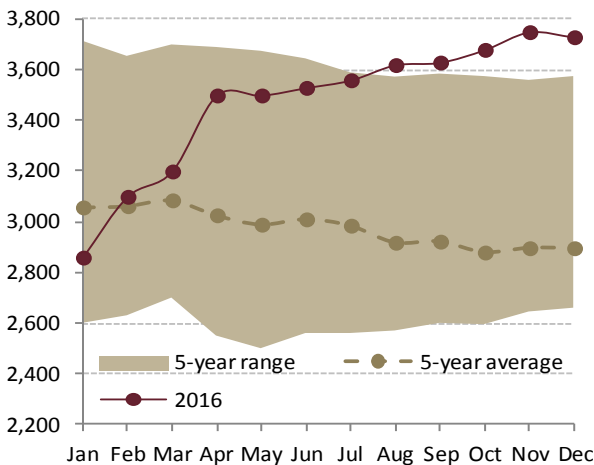
Source: Bloomberg

**Chart 2.8. Angola crude oil output, thsd bbl / d**



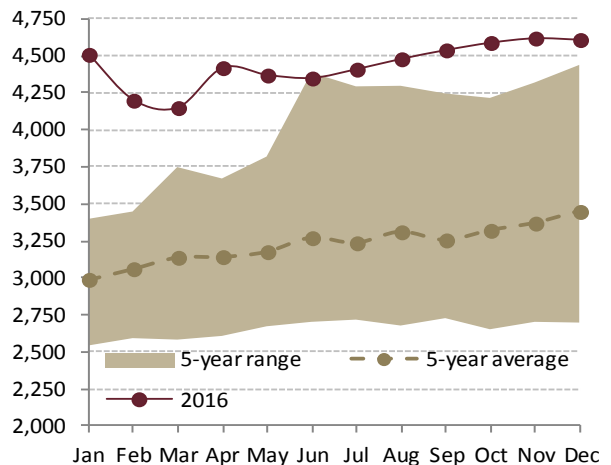
Source: Bloomberg

**Chart 2.9. Iran crude oil output, thsd bbl / d**



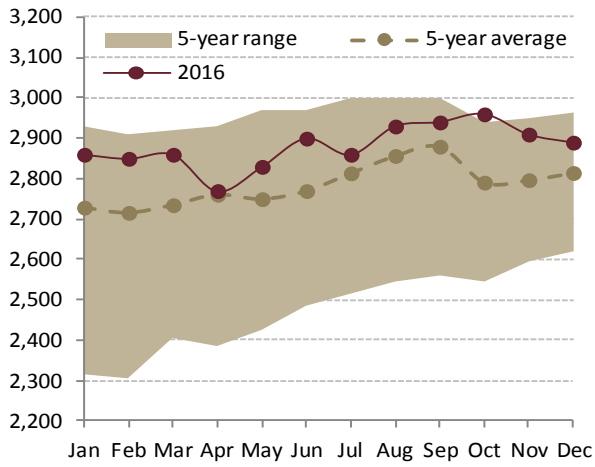
Source: Bloomberg

**Chart 2.10. Iraq crude oil output, thsd bbl / d**



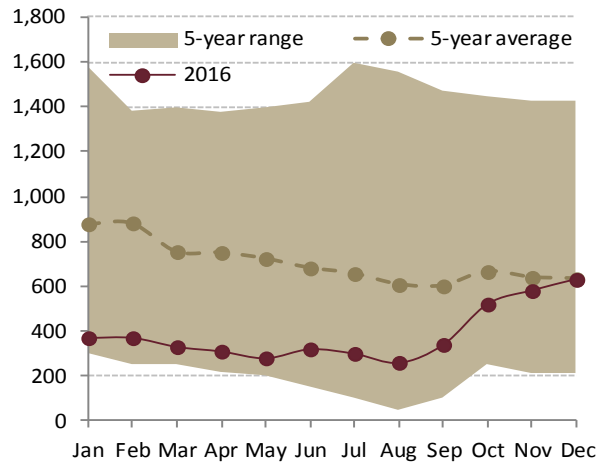
Source: Bloomberg

**Chart 2.11. Kuwait crude oil output, thsd bbl / d**



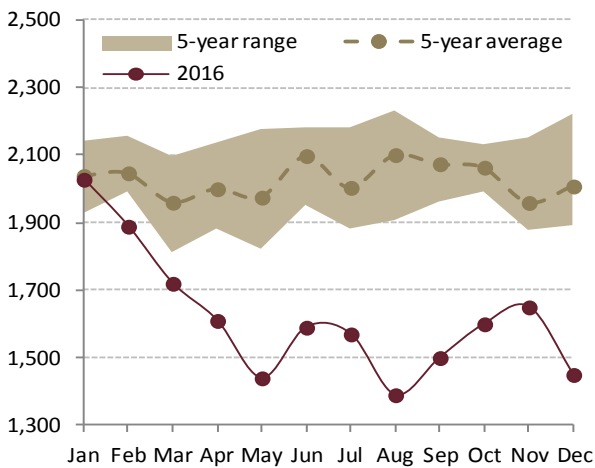
Source: Bloomberg

**Chart 2.12. Libya crude oil output, thsd bbl / d**



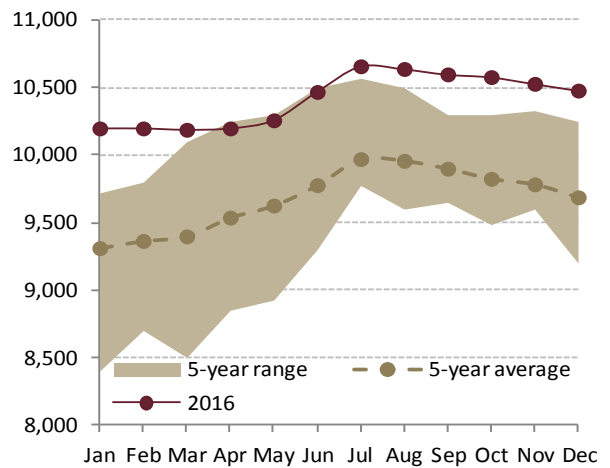
Source: Bloomberg

**Chart 2.13. Nigeria crude oil output, thsd bbl / d**



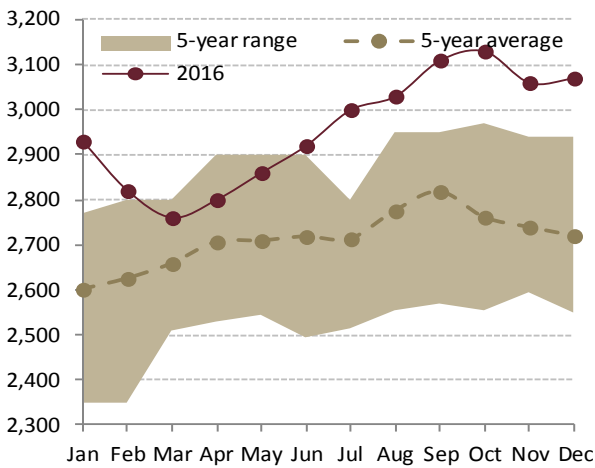
Source: Bloomberg

**Chart 2.14. Saudi Arabia crude oil output, thsd bbl / d**



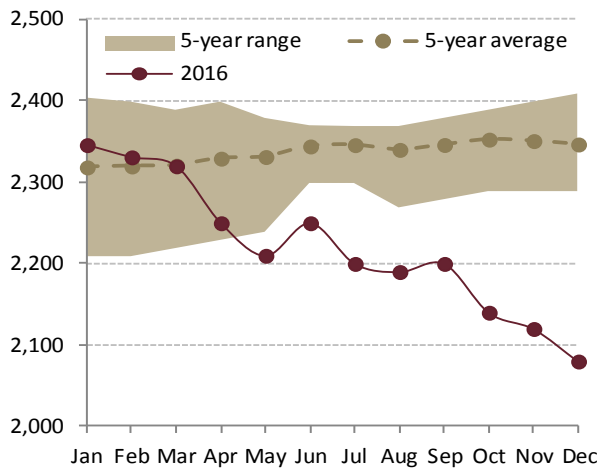
Source: Bloomberg

**Chart 2.15. U.A.E. crude oil output, thsd bbl / d**



Source: Bloomberg

**Chart 2.16. Venezuela crude oil output, thsd bbl / d**



Source: Bloomberg

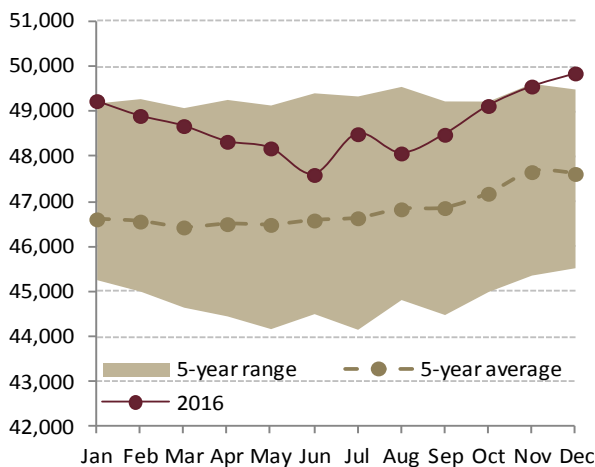


### 3. NON-OPEC PRODUCTION

According to the most recent EIG assessments of worldwide crude oil production total crude oil output in non-OPEC states grew in December by 291 thsd bbl / d or 0.6% to 49.80 mln bbl / d. So December became the 5th month in a row of non-OPEC crude oil production increase from the low of 48.1 mln bbl / d printed in August, 2016. Nevertheless, non-OPEC oil production in December was slightly lower comparing to the records of December, 2014 (49.20 mln bbl / d), but surpassed December 2015 level (48.84 mln bbl / d). The most considerable production growth in December relative to the previous months among the non-OPEC oil producing countries was achieved in Canada (+48 thsd bbl / d), the USA (+50 thsd bbl / d) and Brazil (+144 thsd bbl / d), while Norway was a main cutback with oil output reduce of 65 thsd bbl / d.

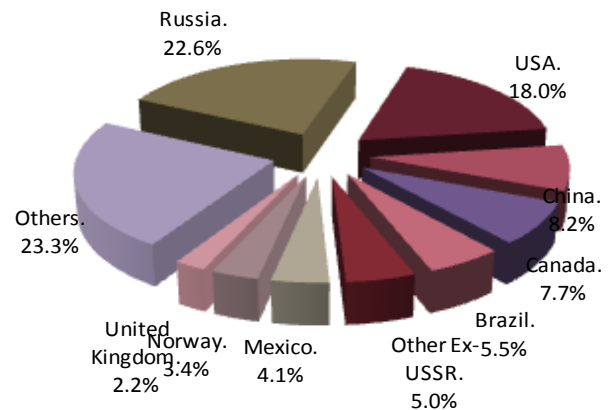
The same time from the longer-term point of view (in terms of y-o-y) non-OPEC crude oil output in December increased by less than 0.5 mln bbl / d or 0.9% with the USA (-179 thsd bbl / d or -2.0% yoy), China (-291 thsd bbl / d or -6.7% yoy) and Mexico (-222 thsd bbl / d or -9.8% yoy) being the main drivers on the negative side. Russia (+358 thsd bbl / d or +3.3% yoy) and Brazil (+220 thsd bbl / d or 8.7% yoy) were the leaders behind overall positive tendency. Another non-OPEC oil-extracting countries with considerable positive annual output change in December were Canada, the UK, Norway and other ex-USSR with 71 bbl / d, 82 bbl / d, 58 bbl / d and 215 bbl / d respectively.

**Chart 3.1. Non-OPEC crude oil output, thsd bbl / d**



Source: EIG

**Chart 3.2. Non-OPEC crude oil production structure, by country**



Source: EIG

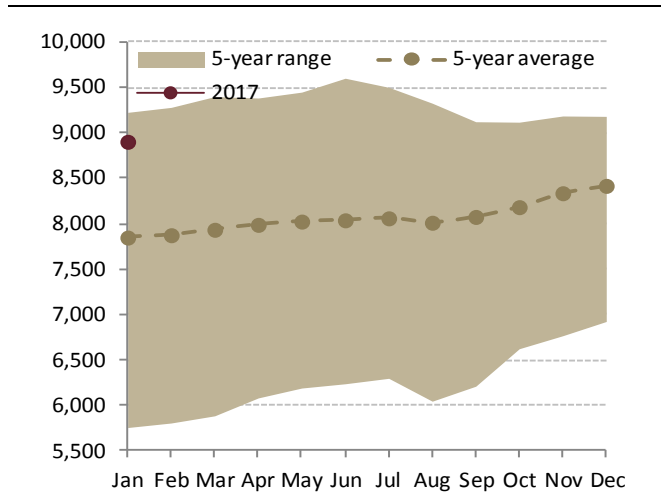
#### USA

Crude oil production in the USA kept on rising in January by 125 thsd bbl / d or 1.4% up to date (the most recent data is for Jan-20) in comparison with December data and decreased by 319 thsd bbl / d or 3.5% in comparison with January 2015 figures. January was the third month of increasing production in a row from lows 8.49 mln bbl / d in October. Drilling activity in the USA is on the rise after OPEC decision to stabilize crude oil market and support the price.

According to the most recent EIG data, the USA was accounted for 10.76% of global crude oil output that is nearly 150 bps lower relative to the record high of 12.50% printed in February 2015. The same time natural gas liquids (NGL) production in the USA in January

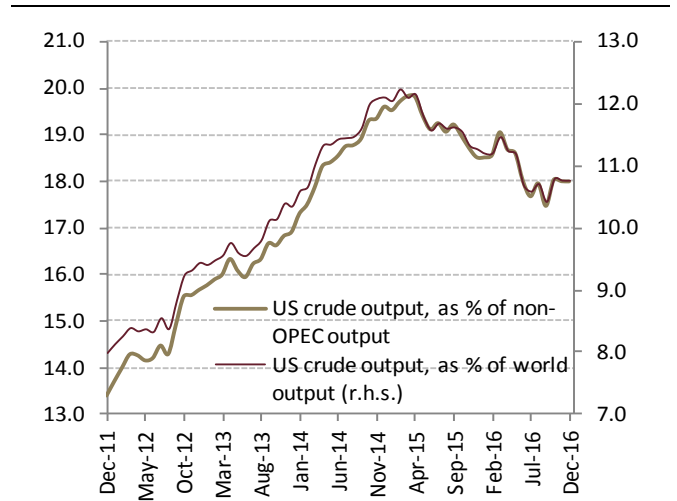
(up to date) grew by 91 thsd bbl / d or 2.7% on the month-to-month basis and by 104 thsd bbl / d or 3.1% on the year-on-year basis. Crude oil net imports from the US in January surged 3.1% mom to 7.4 bn bbl / d, while crude oil exports rose to 679 thsd bbl / d comparing to 589 thsd bbl / d in December. Oil products exports to the US in January decreased by 308 thsd bbl / d or 5.9% mom, while net imports of refined oil products from the US in January rose by 653 thsd bbl / d to -2.7 mln bbl / d.

**Chart 3.3. USA crude oil production, thsd bbl / d**



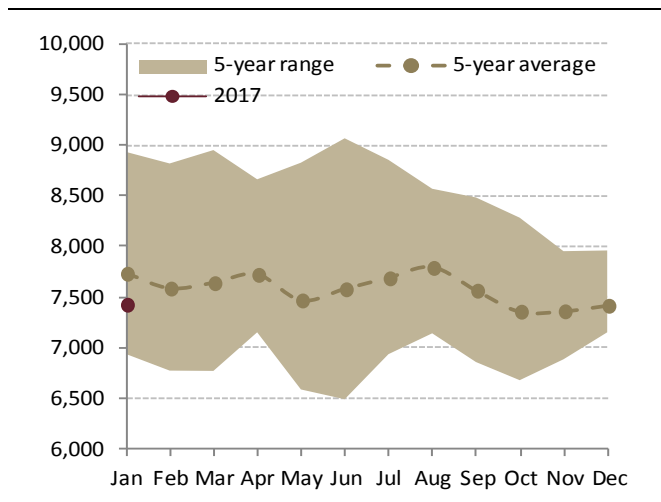
Source: DOE

**Chart 3.4. The share of the USA in oil production, %**



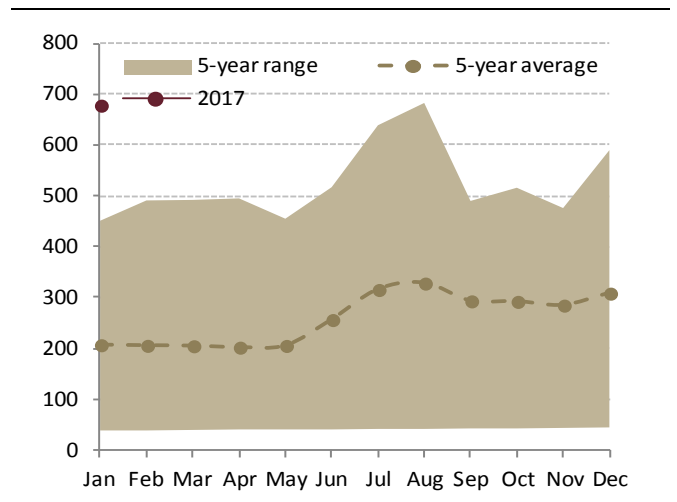
Source: EIG

**Chart 3.5. USA crude oil net import, thsd bbl / d**



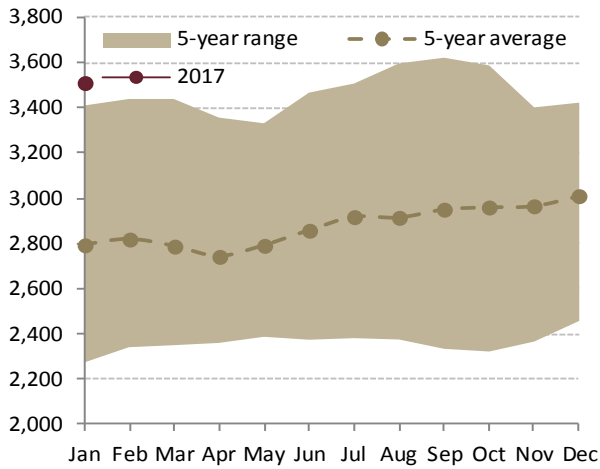
Source: DOE

**Chart 3.6. USA crude oil export, thsd bbl / d**



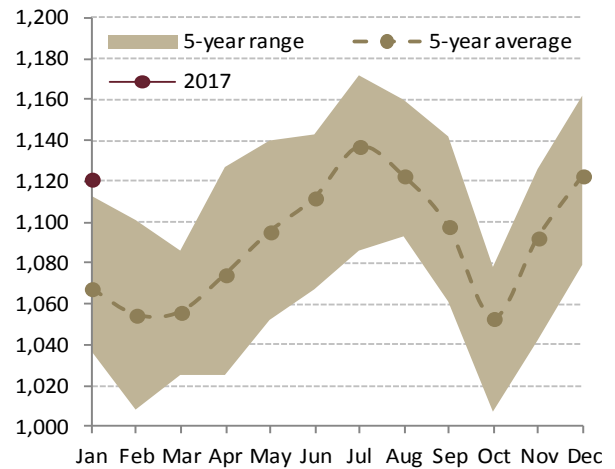
Source: DOE

**Chart 3.7. USA NGL production, thsd bbl / day**



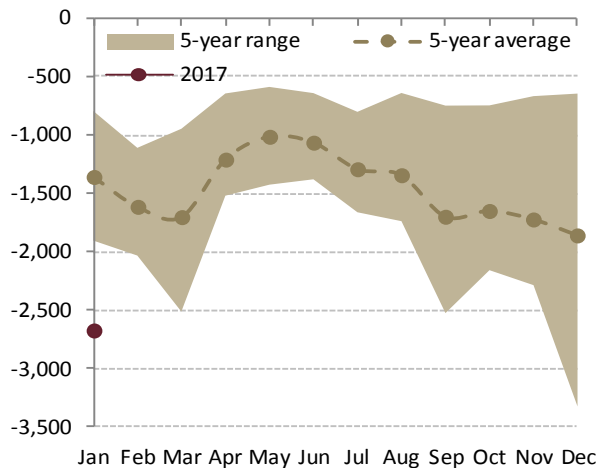
Source: DOE

**Chart 3.8. USA oil processing gain, thsd bbl / day**



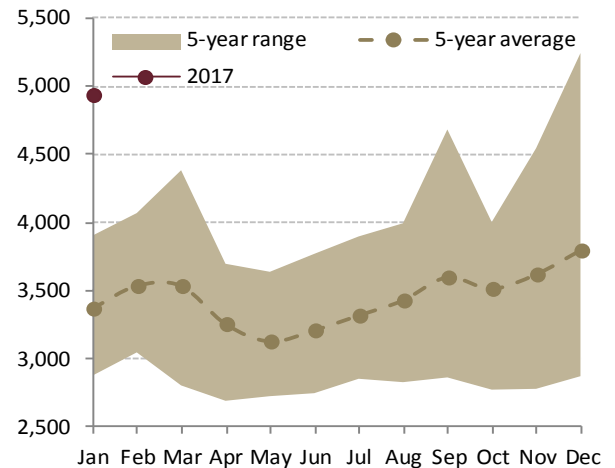
Source: DOE

**Chart 3.9. USA oil product net import, thsd bbl / d**



Source: DOE

**Chart 3.10. USA oil product export, thsd bbl / d**



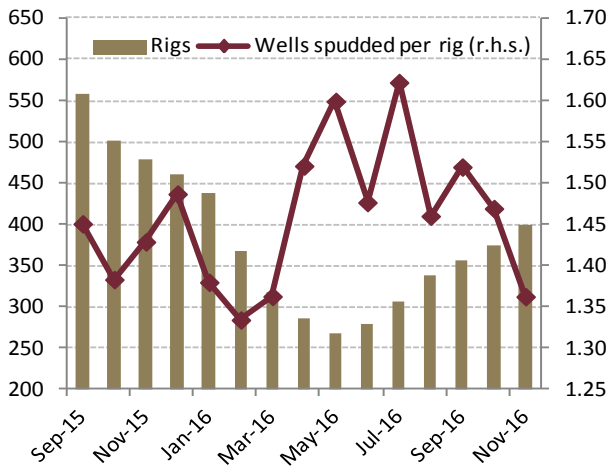
Source: DOE

Total production of shale oil in the US in January slightly added 19 thsd bbl / d over December data and on the year-on-year basis the decline rate was equal to 6.2% or 329 thsd bbl / d.

The most output contraction was observed on the Eagle Ford deposit, where crude oil production in January decreased both on month-to-month and year-on-year basis by 0.3% and 24.8% respectively. Significant annual output shrinkage was also detected on the Bakken deposit, where crude oil extraction in January 2016 was 9.1% lower than a year ago.

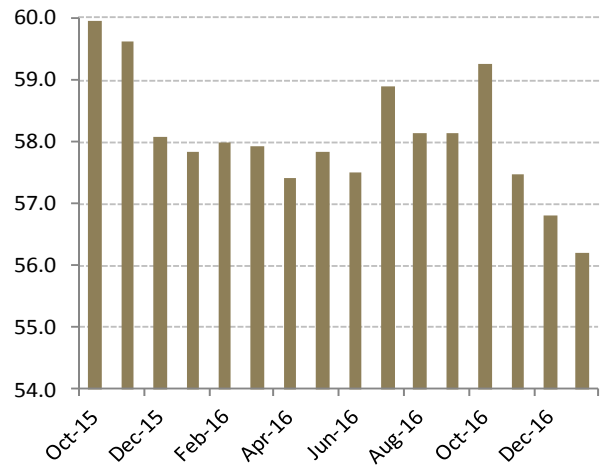
However, crude oil production on the largest shale oil deposit, namely Permian, in January was roughly flat in m-o-m terms, but with substantial increase in y-o-y terms. Oil production was equal to 2.1 bn bbl / d. The Permian deposit is believed to have a relatively low total cost of oil extraction (including drilling) regarding other US shale oil deposit, so on average it's profitable to pump oil here even at current (\$50 per bbl) oil prices. So, total oil production on the Permian deposit demonstrates no decline on opposite to Eagle Ford, Bakken and so on.

**Chart 3.11. USA rigs and wells spudded**



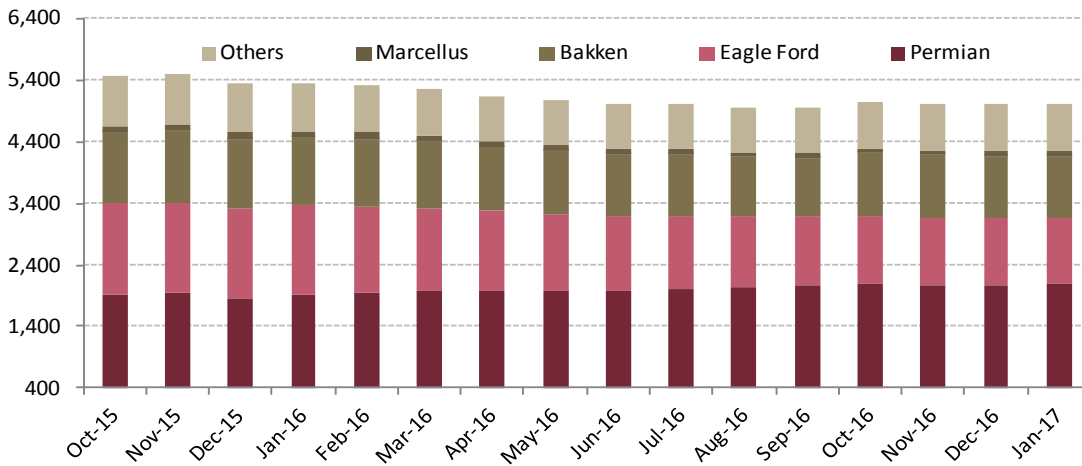
Source: DOE

**Chart 3.12. Shale oil production, as % of total US crude oil output**



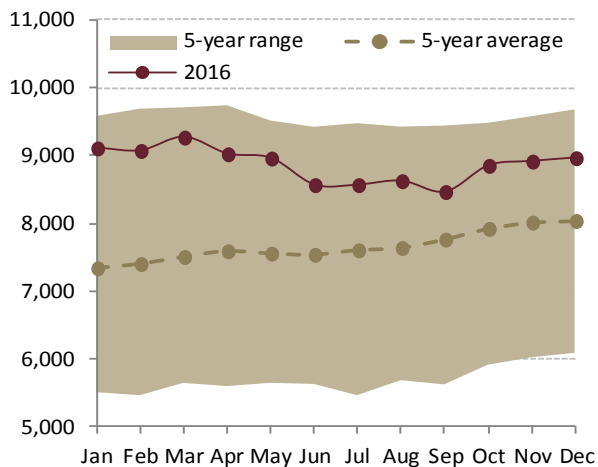
Source: Rystad Energy, Bloomberg

**Chart 3.13. USA shale oil production by regions, thsd bbl / d**



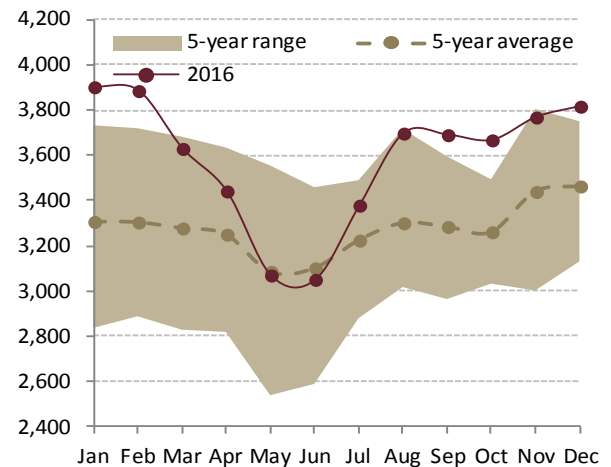
Source: Rystad Energy, Bloomberg

**Chart 3.14. USA crude oil output, thsd bbl / d**



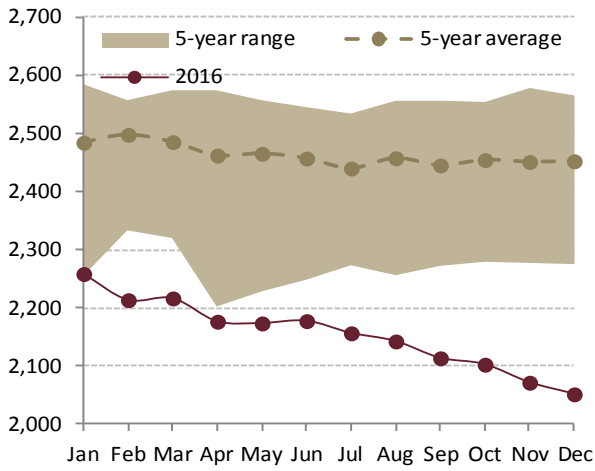
Source: EIG

**Chart 3.15. Canada crude oil output, thsd bbl / d**



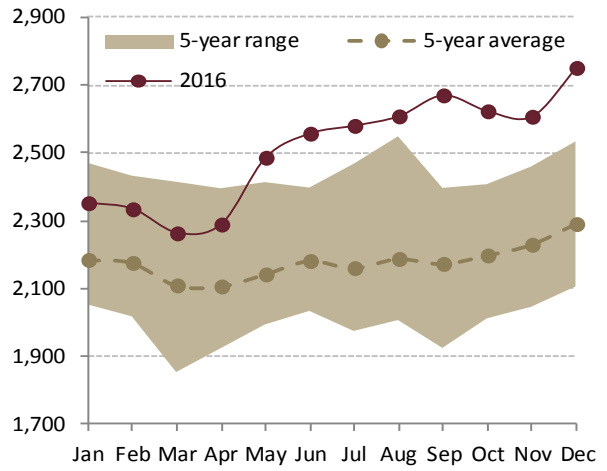
Source: EIG

**Chart 3.16. Mexico crude oil output, thsd bbl / d**



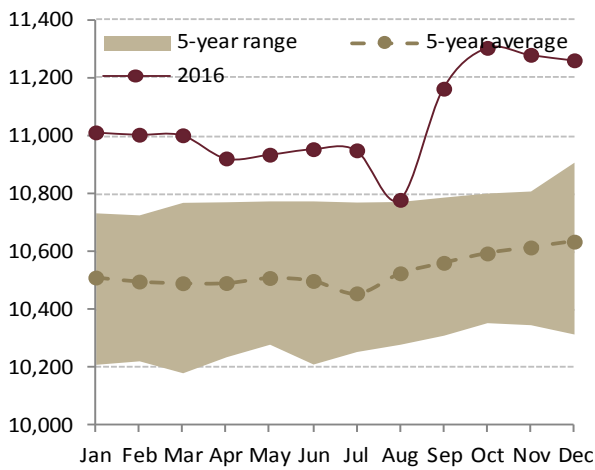
Source: EIG

**Chart 3.17. Brazil crude oil output, thsd bbl / d**



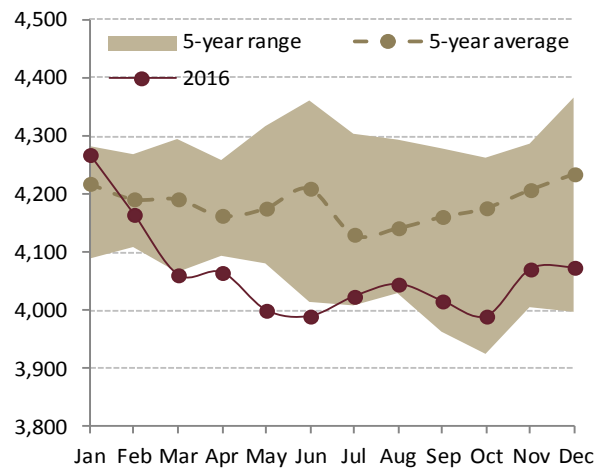
Source: EIG

**Chart 3.18. Russia crude oil output, thsd bbl / d**



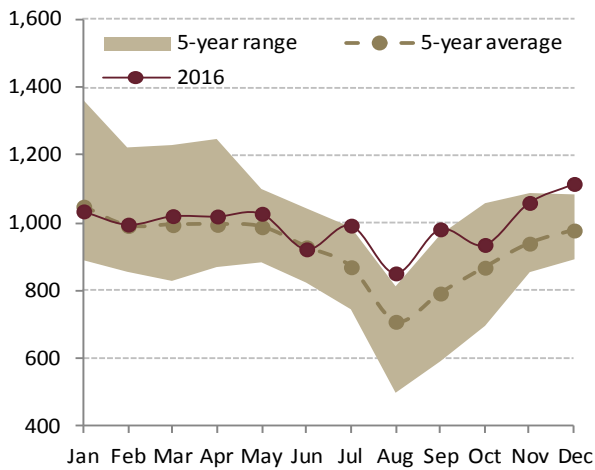
Source: EIG

**Chart 3.19. China crude oil output, thsd bbl / d**



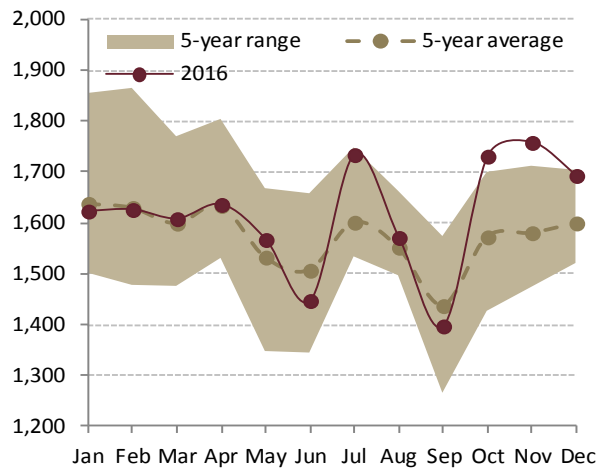
Source: EIG

**Chart 3.20. UK crude oil output, thsd bbl / d**



Source: EIG

**Chart 3.21. Norway crude oil output, thsd bbl / d**



Source: EIG

## 4. DEMAND

### Global

There is a little new information regarding global oil demand as IEA refreshes its world oil demand estimations on quarterly basis. So the most up-to-date EIA's data on global oil demand is still figures for the 3rd quarter of 2016.

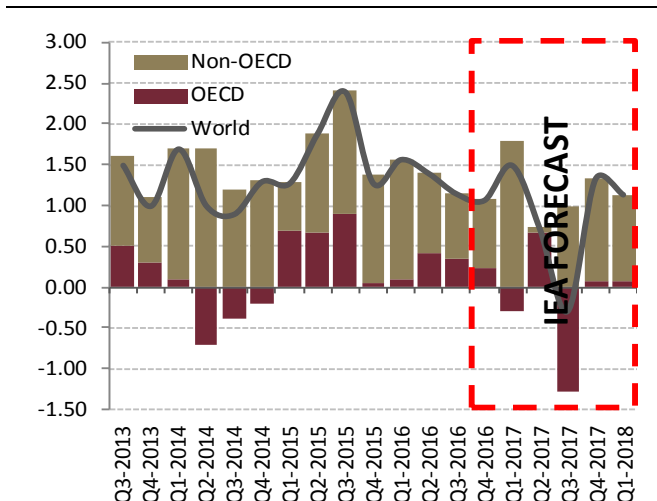
According to these EIA's numbers total world demand for oil in the 3rd quarter increased by 1190 thsd bbl / d or 1.2% over against the 2nd quarter of 2016. Comparing to the 3rd quarter of 2015 global demand for oil grew by 0.86 mln bbl / d or 0.9%, partly encouraged by relatively low oil prices. The main source of global oil demand growth in the latest EIA reported quarter was OECD countries whose aggregate demand raised by 990 thsd bbl / d (+2.2% qoq), while the demand from non-OECD states rose by 200 thsd bbl / d (+0.4% qoq). Interestingly on the year-on-year basis OECD and non-OECD countries in the 3rd quarter of 2016 showed different pace of growth of 0.2% and 1.6% respectively.

As for demand from single states and regions, the most significant demand shrinkage in the 3rd quarter was observed in China and India, where demand for oil dropped by 270 thsd bbl / d (-2.3% qoq / + 0.1% yoy) and 280 thsd bbl / d (-6.5% qoq / + 4.9% yoy). Also negative demand tendencies had a place in Africa (-110 thsd bbl / d or -2.6% qoq). The same time among the OECD states in the 3rd quarter of 2016 demand for crude oil increased in Europe by 410 thsd bbl / d (+2.9% qoq / +1.2% yoy).

Surprisingly, given 3rd quarter statistics, IEA found positive signs for demand in China, increasing forecast for 2017. The agency increased its forecast for global oil demand in 2017 by 100,000 barrels a day. Consumption will rise by 1.3 million barrels a day, or 1.4 percent, to 97.6 million a day:

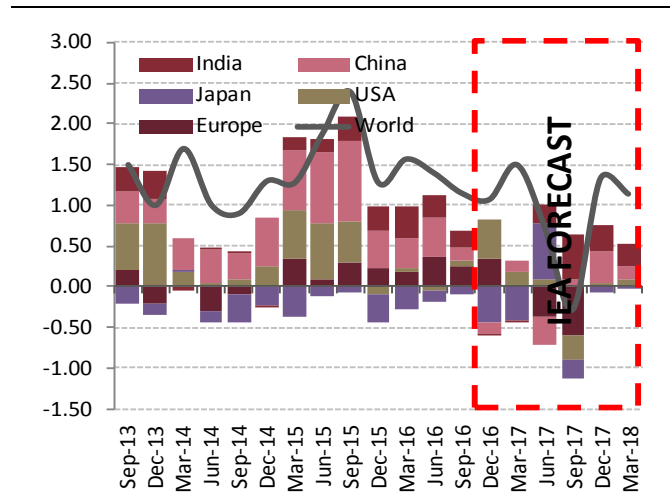
“Following revisions to Chinese and Russian data, we have raised our 2016 global net demand growth number to 1.4 mb / d and that for 2017 to 1.3 mb / d.”

**Chart 4.1. World oil demand yoy change, mln bbl / d**



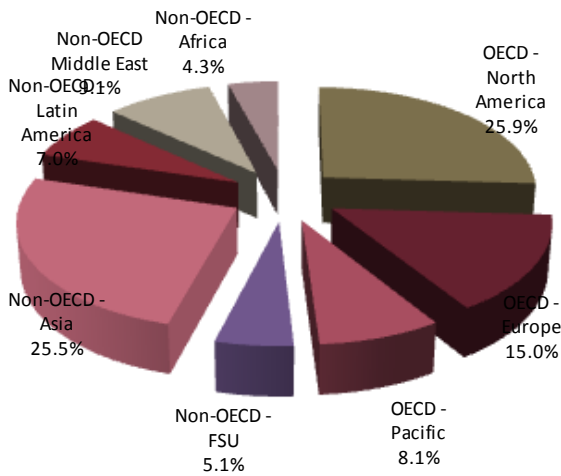
Source: IEA

**Chart 4.2. Regional oil demand yoy change, mln bbl / d**



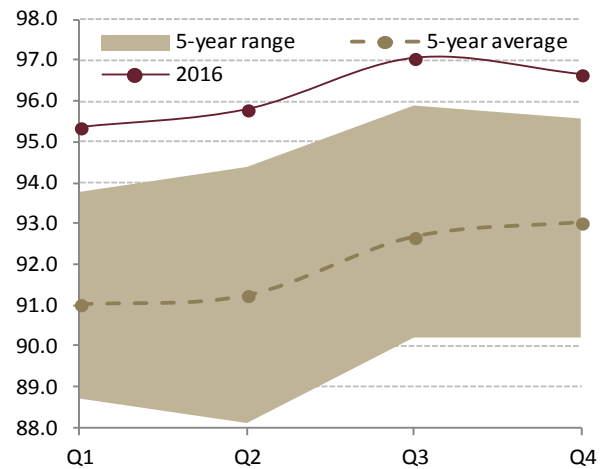
Source: IEA

**Chart 4.3. World oil demand structure, by region**



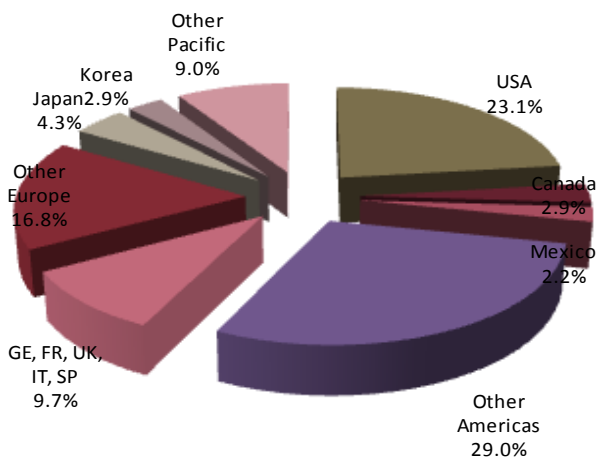
Source: IEA

**Chart 4.4 World crude oil demand, mln bbl / d**



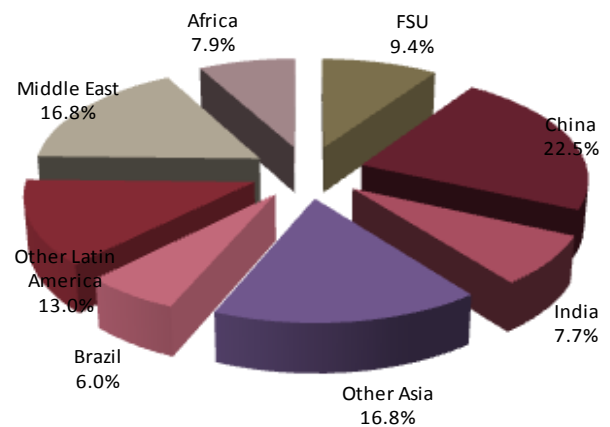
Source: IEA

**Chart 4.5. OECD oil demand structure, by country**



Source: IEA

**Chart 4.6. Non-OECD oil demand structure, by country**



Source: IEA

## China

Total apparent demand for oil in China in December increased on m-o-m and y-o-y basis by about 167 kbd or 1.6%. Perhaps return to yoy rising in apparent demand in three months made IEA and other energy agencies to look more positively on China demand in 2017.

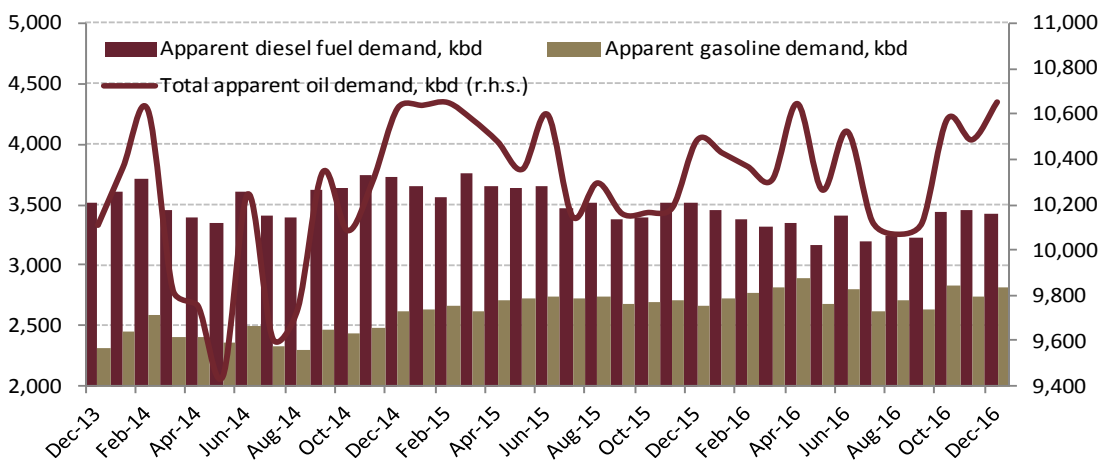
The import of crude oil to China in December reached 36.38 mln metric tons (equals to 8.6 mln b / d) according to China's General Administration of customs, pretty high level. But the data includes imports from small independent refineries (teapots). Crude imports by Chinese teapot refineries are at record high of 5.97 mln tons in January. Average imports in 2016 doubled comparing to 2015 and were at 3.5 mln tons per month level. The government limited further rising by quotes for private refineries, but current increase is still considerable one comparing to last year average. The government has now approved the teapots to buy a total of 68.81 mln metric tons of crude from overseas under a first batch of allocations for 2017, according to officials from companies that received the notification. Of that, 45.64 mln tons can be bought directly by the private refiners (3.8 mln tons per month). The rest will be processed via state-owned traders and other agents.

According to Platt's calculations, China's apparent oil demand, excluding output from independent refineries, slipped into the negative territory in 2016, a sharp reversal from the near 7% growth witnessed a year earlier, as the country's slowest GDP growth in 26 years slashed appetite for industrial and transportation fuels in Asia's biggest oil consuming nation. However, if output from the independent sector is taken into account, apparent demand last year is estimated to be around 11.34 million b/d, representing 1.3% year-on-year growth. Platts forecasts China's apparent demand will reach 11.57 million b/d in 2017, a 2% increase against the adjusted numbers for 2016.

Chinese interest to SUV vehicles was encouraged by retail gasoline price fall in 2015 and still has stood at rather high levels. Last two months Chinese citizens bought more than 1000 thsd of new SUVs each month, so the total amount of these gas-guzzlers in China grows at a very rapid pace.

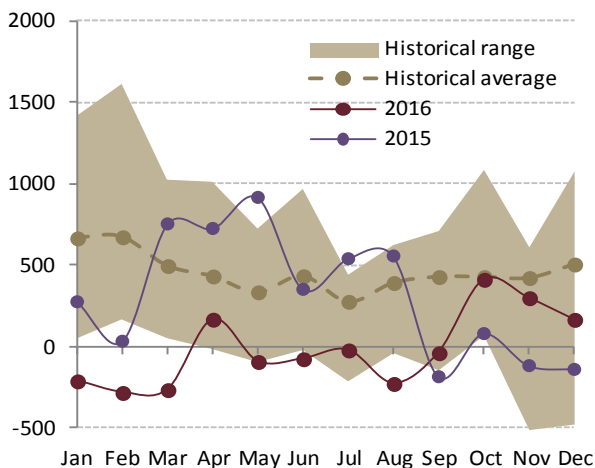
The same time Chinese refineries in December increased export of oil products by 500 thsd metric tons. China exported in this December roughly 23.8% higher volumes of oil products than a year ago.

**Chart 4.7. Chinese apparent oil demand, thsd barrels per day**



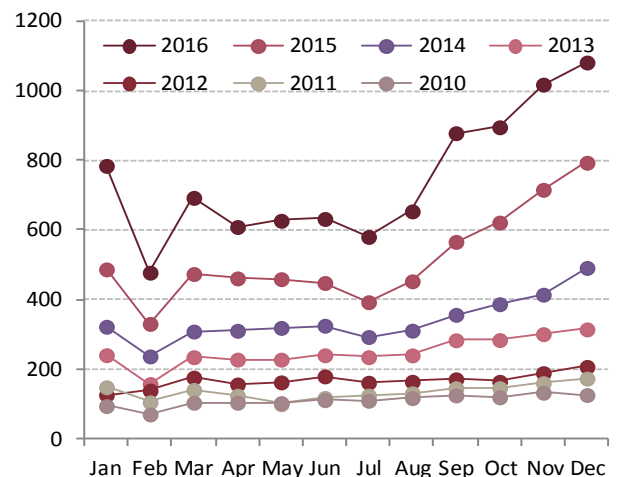
Source: National Bureau of Statistics of China, Customs General Administration PRC, Bloomberg

**Chart 4.8. Annual changes in Chinese apparent oil demand, thsd bbl / d**



Source: National Bureau of Statistics of China, Customs General Administration PRC, Bloomberg

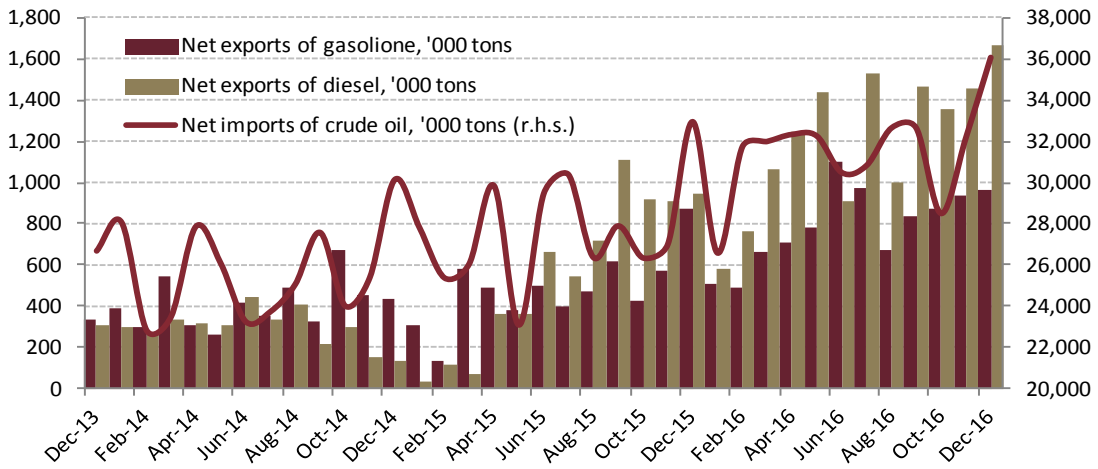
**Chart 4.9. Chinese SUVs sales, thsd vehicles**



Source: China Passenger Car Association, Bloomberg



Chart 4.10. China crude oil net imports Vs net exports of gasoline & diesel



Source: Customs General Administration PRC, Bloomberg

## 5. INVENTORIES

Pursuant to the most recent IEA monthly report, total OECD commercial oil stocks dropped in October 2016 (the last reported month on oil stocks) by 28.1 mln bbl (-0.9%). The most part of the decrease were the result of total oil products inventories drop by 39.2 mln bbl (-2.5% mom), while total OECD crude oil stocks rose by 7.3 mln bbl (+0.6% mom). The same time in comparison with a year ago figures total OECD commercial oil stocks in September 2016 jumped on 71.7 mln bbl or 2.4% yoy with crude oil stocks grew by 16.4 mln bbl (+1.4% yoy) and oil products stocks increased by 46.7 mln bbl (+3.2% yoy).

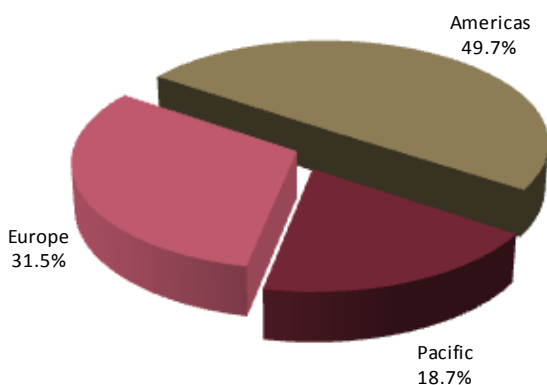
From the standpoint of the regional structure of oil inventories the weakest situation in October was observed in the Americas region, where crude oil stocks surged by 14.6 mln bbl sequentially and rose y-o-y by 23.4 mln bbl. In the Pacific region crude oil stocks increased by 1.3 mln bbl m-o-m and fell 2.3 mln bbl or 1.1% yoy, while stocks of refined oil products fell 4.2 mln bbl (+2.2%) on m-o-m and added 14.0 mln bbl (+8.3%) on y-o-y basis. Stocks of crude oil in Europe in October dropped both in m-o-m and y-o-y terms on 8.6 mln bbl (-2.4% mom) and 4.7 mln bbl (-1.4% yoy) respectively. However these crude oil inventories fall was partly offset by increase of refined oil products stocks on 14.0 mln bbl (+8.3%) y-o-y.

As for the by-product inventories structure, the largest decline in OECD inventories in October was noticed in distillates that stocks fell by 19.6 mln bbl (-3.1%) monthly, but rose 28.7 mln bbl (+5.0%) yearly. The smallest monthly stocks decline took place in heavy fuels and it fell 11.7 mln bbl or 8.3% comparing to last year figure. Gasoline OECD stocks decreased by 5.0 mln bbl (-1.3%) comparing to September 2016, but went up 8.8 mln bbl (+2.4%) relative to October 2015.

To sum these all up we should conclude that global oil inventories in highly developed states (OECD) are still on very elevated levels.

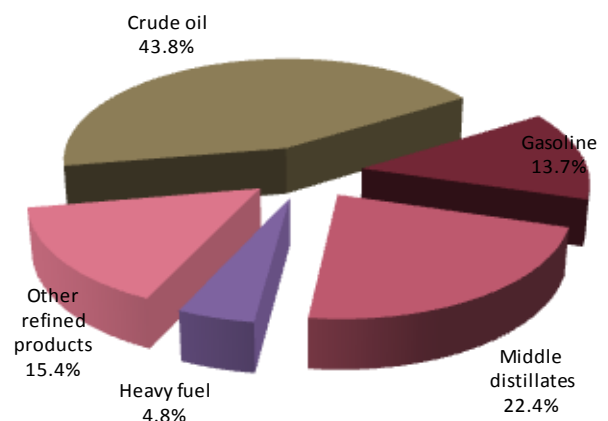
That's why we see limited upside on crude oil market from current levels as these large inventories will be an additional pressure for the market for the prolonged period of time even when supply and demand for crude oil will be finally balanced. And this is expected only in the second half of 2017 (or likely earlier with the full realization of the cut from OPEC and non-OPEC countries).

**Chart 5.1. OECD oil stocks structure, by country**



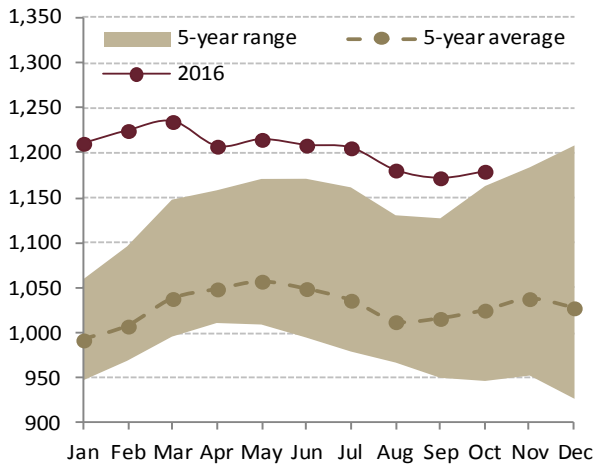
Source: IEA

**Chart 5.2. OECD oil stocks structure, by product**



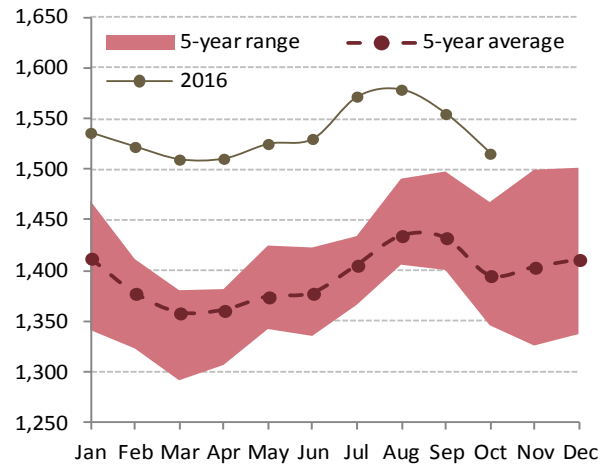
Source: IEA

**Chart 5.3. OECD crude oil stocks, mln bbl**



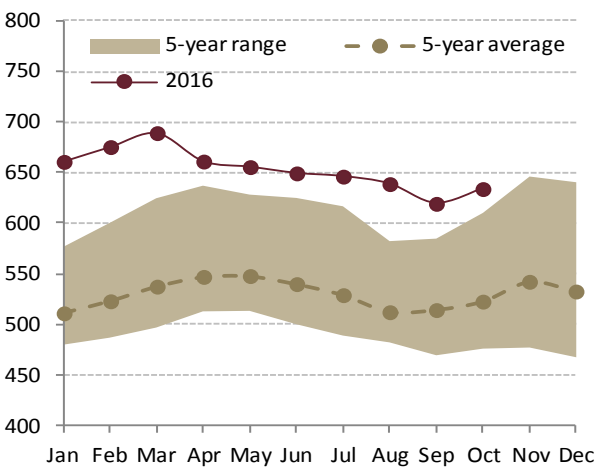
Source: IEA

**Chart 5.4. OECD oil products stocks, mln bbl**



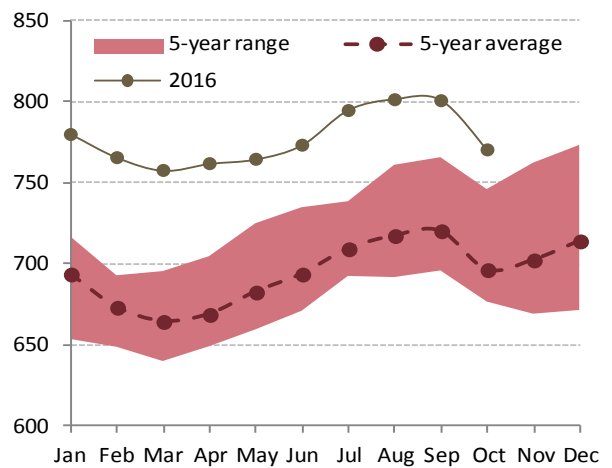
Source: IEA

**Chart 5.5. Americas (OECD) crude oil stocks, mln bbl**



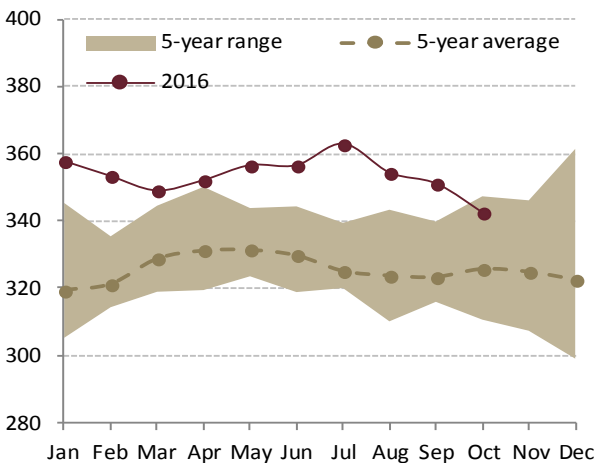
Source: IEA

**Chart 5.6. Americas (OECD) oil products stocks, mln bbl**



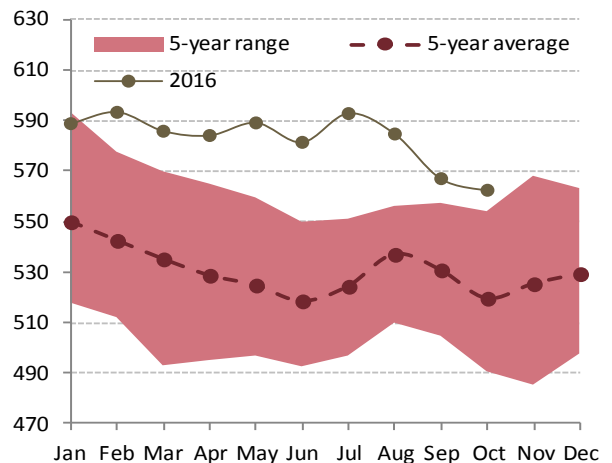
Source: IEA

**Chart 5.7. Europe (OECD) crude oil stocks, mln bbl**



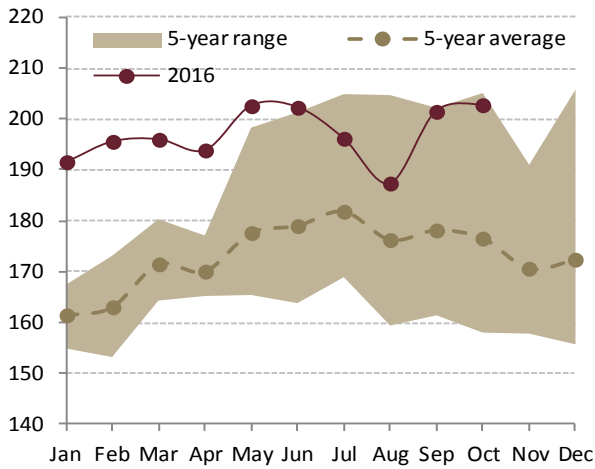
Source: IEA

**Chart 5.8. Europe (OECD) oil products stocks, mln bbl**



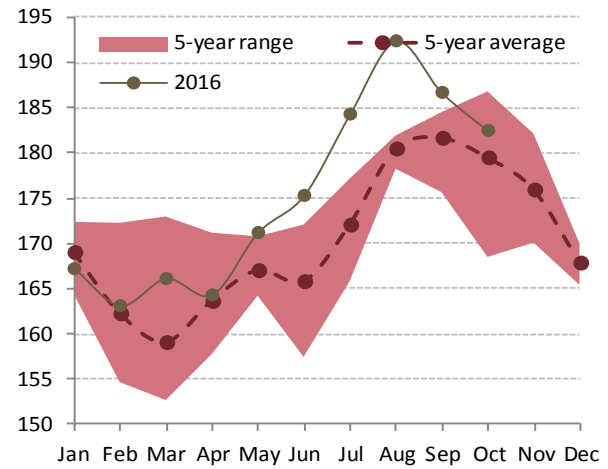
Source: IEA

**Chart 5.9. Pacific (OECD) crude oil stocks, mln bbl**



Source: IEA

**Chart 5.10. Pacific (OECD) oil products stocks, mln bbl**



Source: IEA

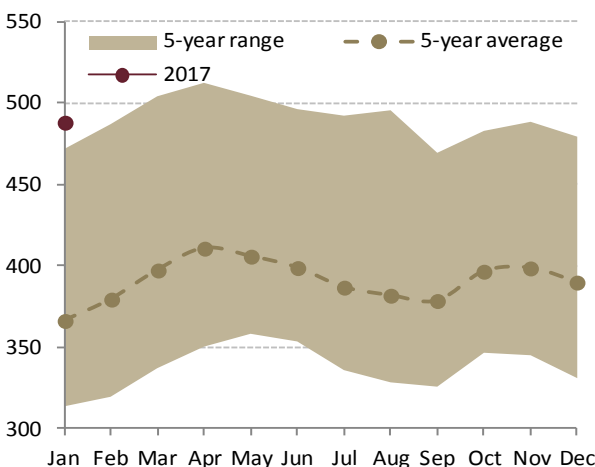
**USA**

According to DOE’s weekly data total commercial crude oil stocks (the most recent data is for Jan-20) in the USA in January increased by 9.3 mln bbl or 1.9% comparing to the previous month. Storage levels usually rise in January after low import levels in December due to tax optimization. Crude oil inventories fell by 23.7 mln bbl from its peak value of 512 mln bbl printed in April 2016.

However crude oil stocks in January were 17.0 mln bbl (or +3.6%) higher than they were a year ago. As for crude oil inventories in Cushing oil storage in Oklahoma, they fell in January by 2.1 mln bbl or 3.2% mom and were 1.2 mln bbl or 1.9% higher than a year ago. So the oil glut still has a place in the USA, although the negative impact of excessive stocks has been weakening for some recent months.

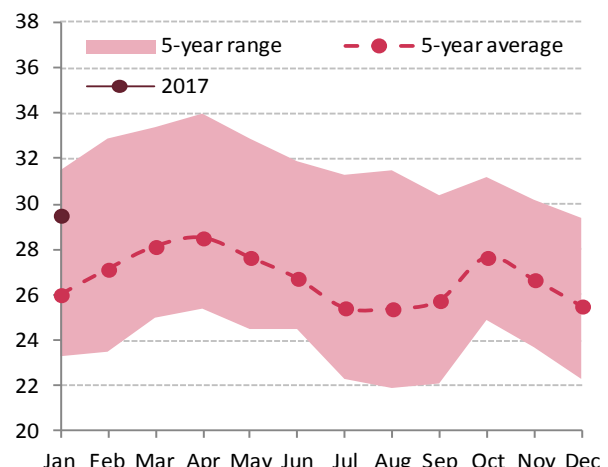
US gasoline inventories in January increased on 17.8 mln bbl or 7.5% mom, while inventories of distillates grew by 7.5 mln bbl or 4.6% mom. In comparison with the figures a year ago gasoline stocks in the USA declined on 1.2 mln bbl or 6.3% yoy and distillates stocks climbed by 3.8 mln bbl or 8.4% yoy.

**Chart 5.11. US commercial crude oil stocks, mln bbl**



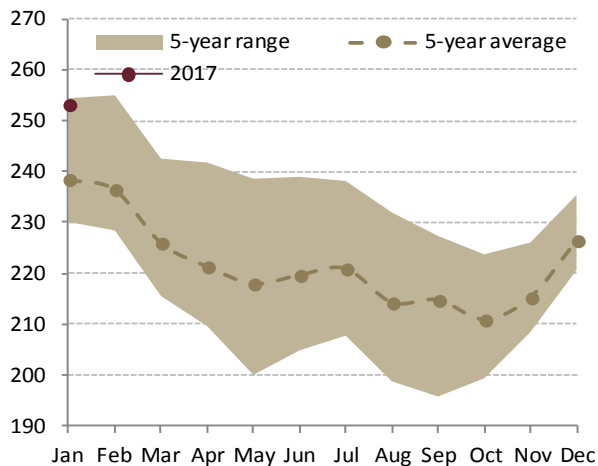
Source: DOE

**Chart 5.12. US commercial crude oil stocks, days of supply**



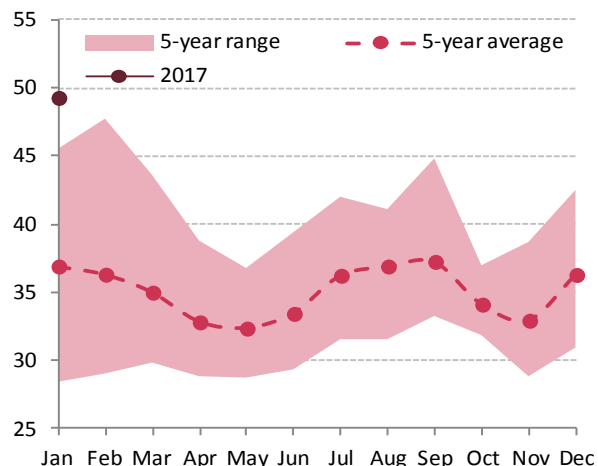
Source: DOE

**Chart 5.13. US gasoline stocks, mln bbl**



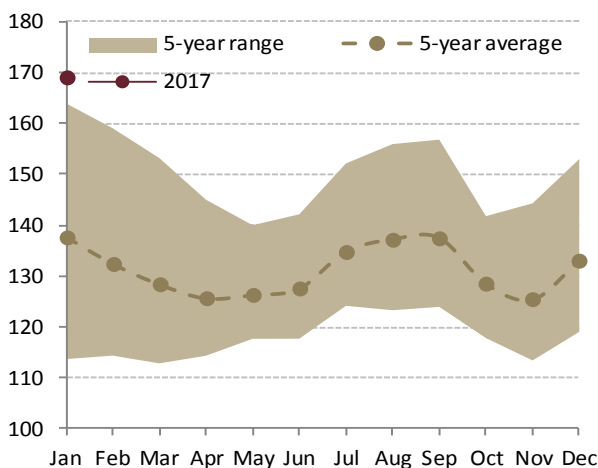
Source: DOE

**Chart 5.14. US gasoline stocks, days of supply**



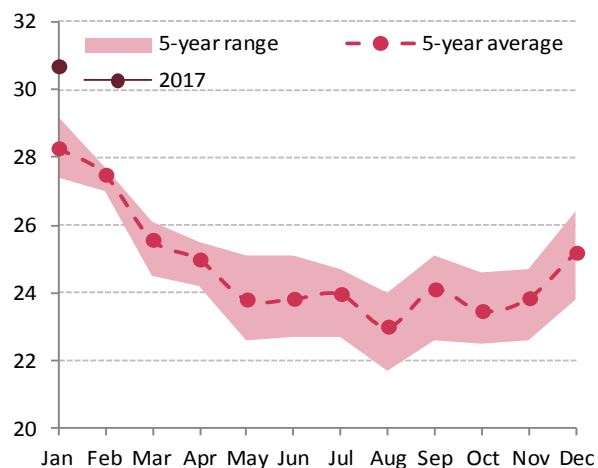
Source: DOE

**Chart 5.15. US distillate fuel stocks, mln bbl**



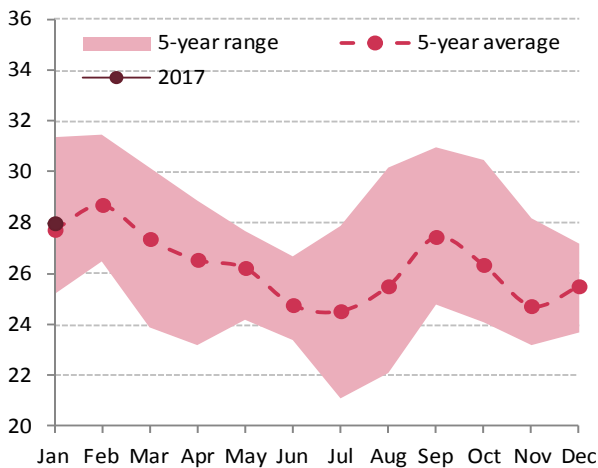
Source: DOE

**Chart 5.16. US distillate fuel stocks, days of supply**



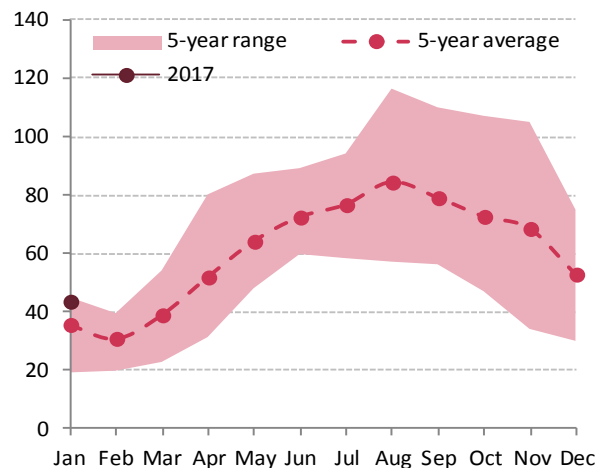
Source: DOE

**Chart 5.17. US kerosene stocks, days of supply**



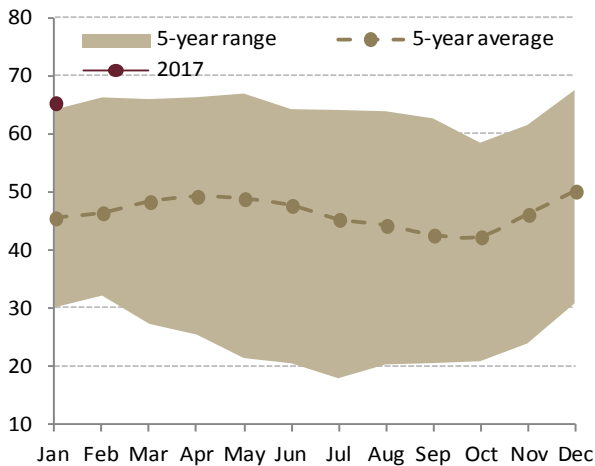
Source: DOE

**Chart 5.18. US propane stocks, days of supply**



Source: DOE

**Chart 5.19. Cushing Oklahoma crude oil stocks, mln bbl**

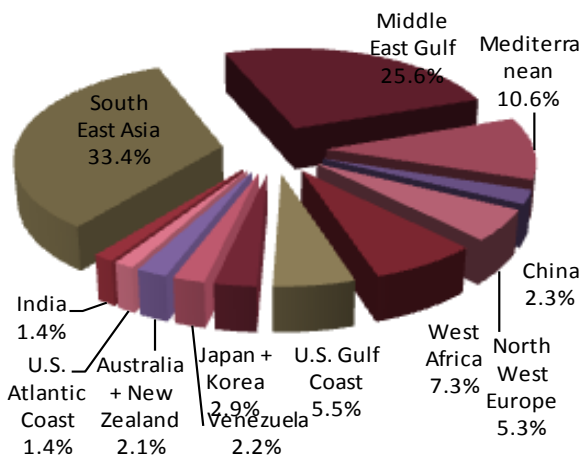


Source: DOE

**FLOATING STORAGE**

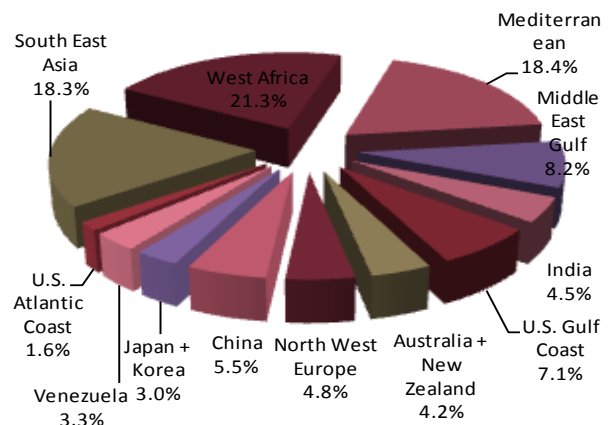
According to Bloomberg Energy assessments in January 2016 total crude oil stocks stored on floating storages (including oil in transportation) was equal to 166.5 mln bbl, 14.3 mln bbl less than in December 2016 (7.9% mom) and 31.4 mln bbl more than a year ago (23.3% yoy). The most significant rise on the month-to-month basis took place in South East Asia (+5.6 mln bbl or +11.2%), Middle East Gulf (+4.7 mln bbl or +12.3%), Japan and Korea (+1.8 mln bbl or +62.1%) and U.S. Atlantic Coast (+1.5 mln bbl +178.8%). From the year-on-year basis the most dramatic drop was observed in China (-7.1 mln bbl or 64.6%) and Venezuela (-4.2 mln bbl or -53.9%) and floating storages inventories in West Africa and North West Europe decreased by 4.2 mln bbl and 3.4 mln bbl b / d (-25.6% and -27.9% respectively). The same time total stocks of refined oil products stored on floating storages (including oil products in transportation) in January declined to 71.6 mln bbl, 5.8 mln bbl less than in the previous month (-7.5% mom) and 8.5 mln bbl more than a year ago (+13.5%). U.S. Gulf Coast (+0.5 mln bbl) and Mediterranean (-1.9 mln bbl) were the regions where refined oil stocks grew and dropped the most relative to December figures.

**Chart 5.20. Crude oil stocks held on floating storages structure, by country**



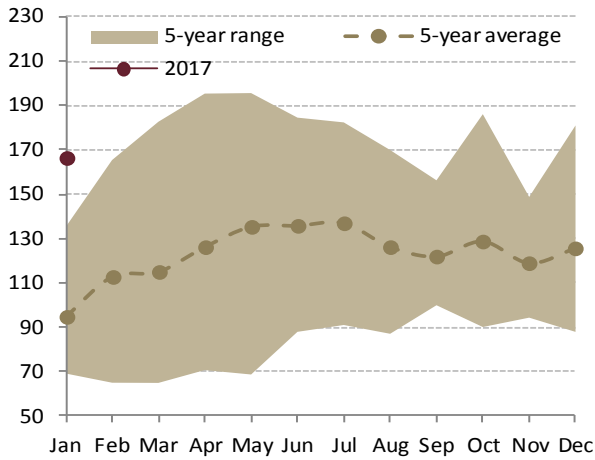
Source: Bloomberg Energy

**Chart 5.21. Refined oil products stocks held on floating storages structure, by country**



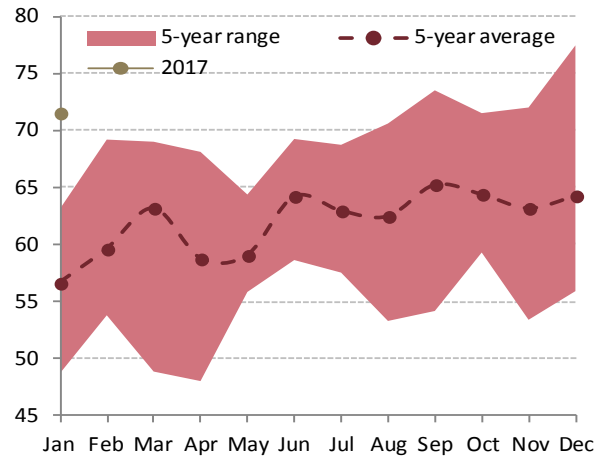
Source: Bloomberg Energy

**Chart 5.22. Global crude oil floating storage, mln bbl**



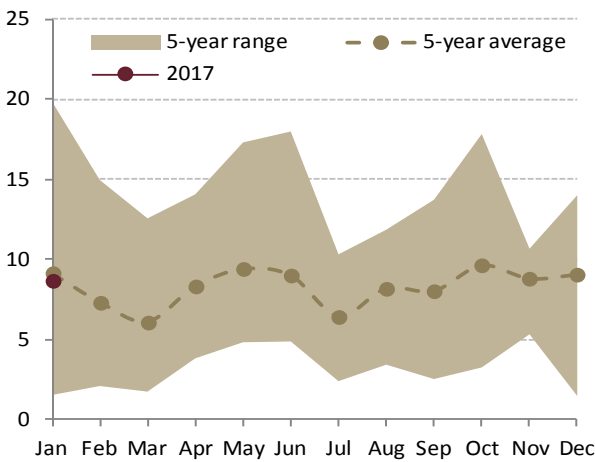
Source: Bloomberg Energy

**Chart 5.23. Global refined oil floating storage, mln bbl**



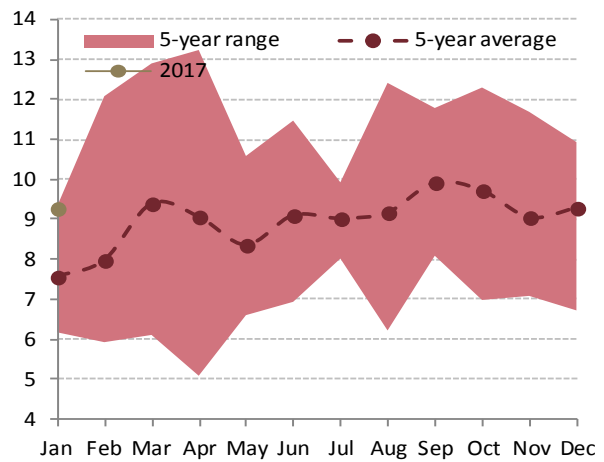
Source: Bloomberg Energy

**Chart 5.24. China + Japan + Korea crude oil floating storage, mln bbl**



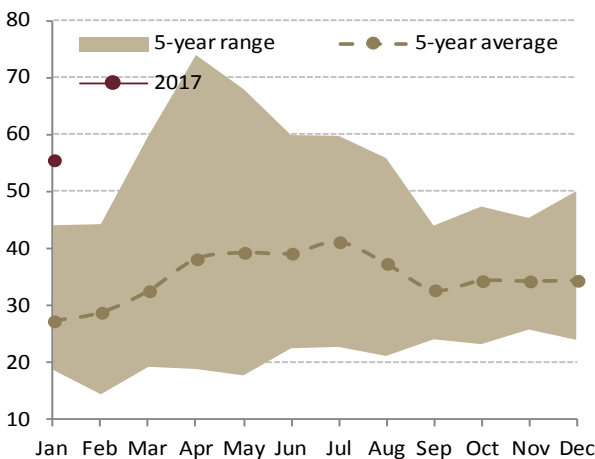
Source: Bloomberg Energy

**Chart 5.25. China + Japan + Korea refined oil floating storage, mln bbl**



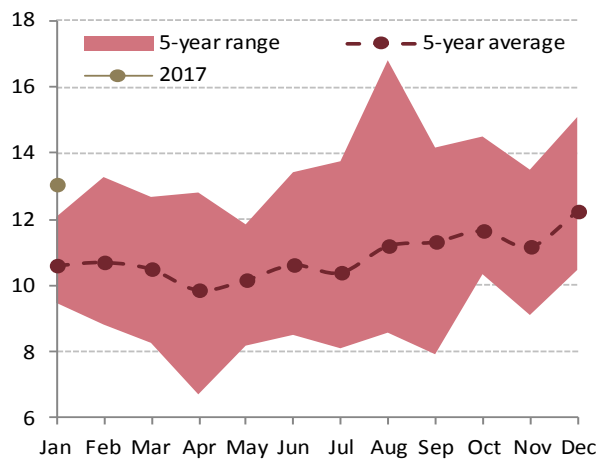
Source: Bloomberg Energy

**Chart 5.26. South East Asia crude oil floating storage, mln bbl**



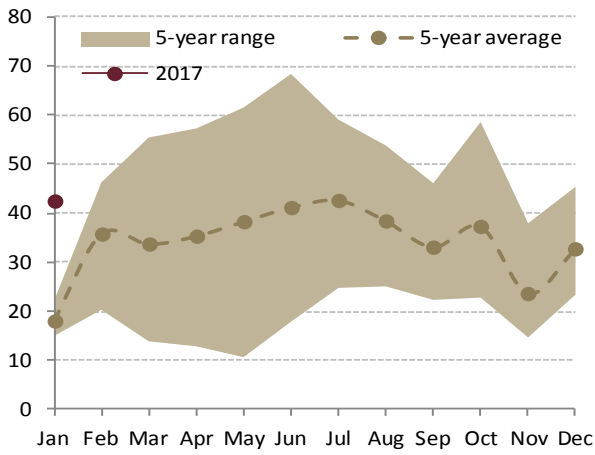
Source: Bloomberg Energy

**Chart 5.27. South East Asia refined oil floating storage, mln bbl**



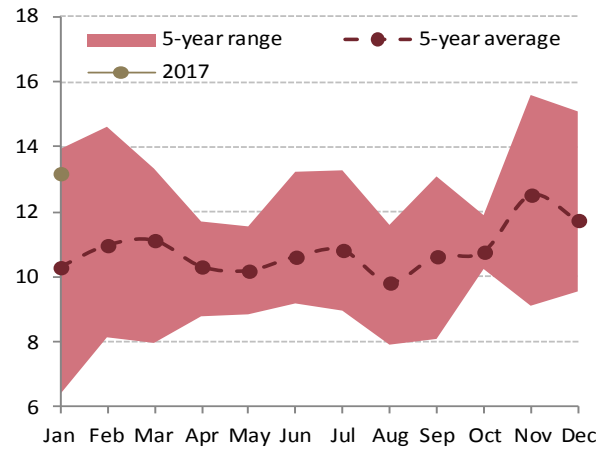
Source: Bloomberg Energy

**Chart 5.28. Middle East crude oil floating storage, mln bbl**



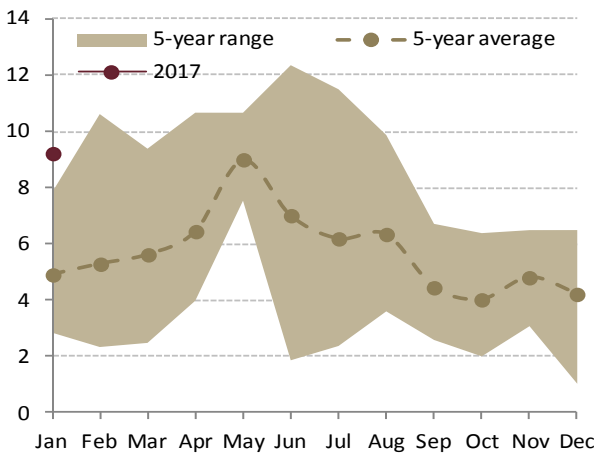
Source: Bloomberg Energy

**Chart 5.29. Middle East refined oil floating storage, mln bbl**



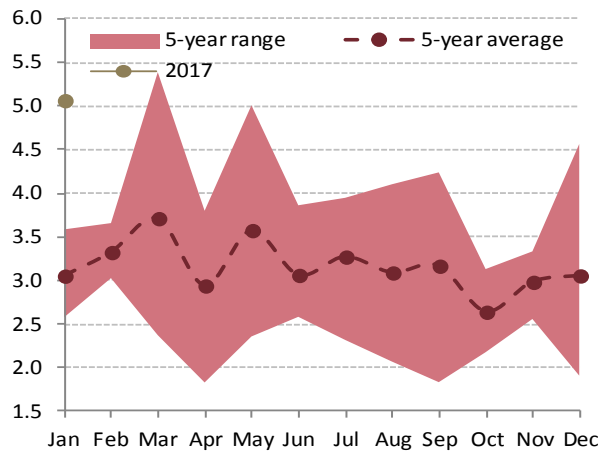
Source: Bloomberg Energy

**Chart 5.30. US Gulf Coast crude oil floating storage, mln bbl**



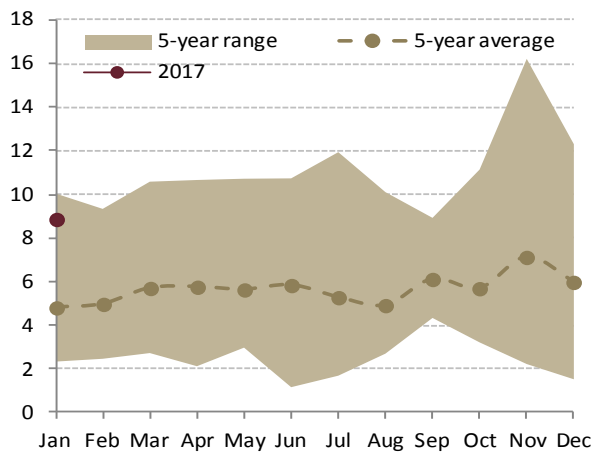
Source: Bloomberg Energy

**Chart 5.31. US Gulf Coast refined oil floating storage, mln bbl**



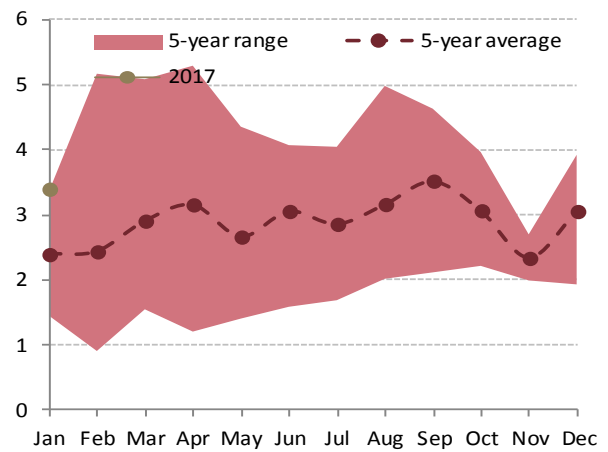
Source: Bloomberg Energy

**Chart 5.32. North West Europe crude oil floating storage, mln bbl**



Source: Bloomberg Energy

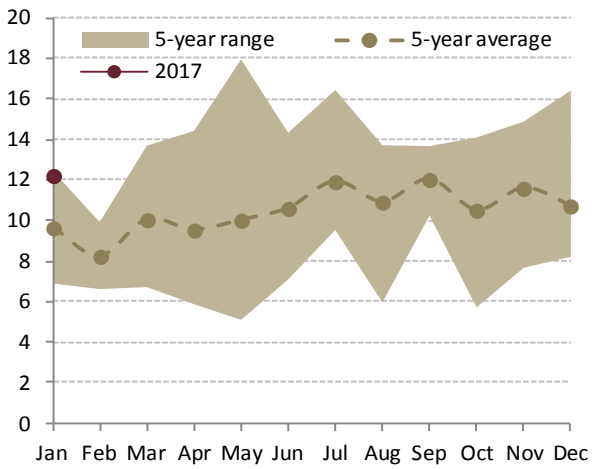
**Chart 5.33. North West Europe refined oil floating storage, mln bbl**



Source: Bloomberg Energy

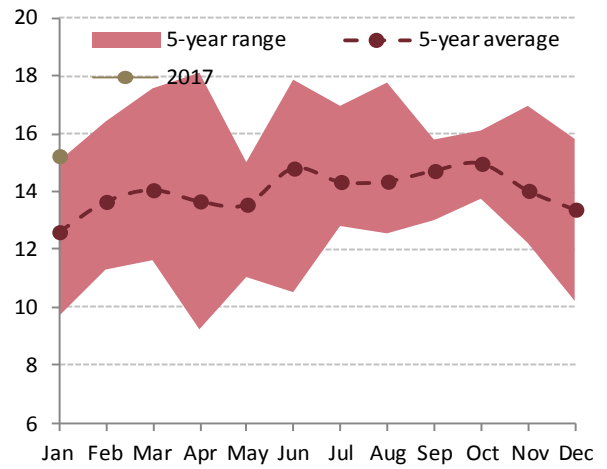


**Chart 5.34. West Africa crude oil floating storage, mln bbl**



Source: Bloomberg Energy

**Chart 5.35. West Africa refined oil floating storage, mln bbl**



Source: Bloomberg Energy

## APPENDIX

Table 1. Global oil demand, mln bbl / d (quarterly data)

	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	2015	2016	2017	Δ 2015	Δ 2016	Δ 2017
USA	19.47	19.83	19.42	19.45	19.43	19.90	19.90	19.61	19.52	19.59	19.92	19.69	19.42	19.90	19.92	-0.09	0.48	0.02
Canada	2.33	2.45	2.40	2.39	2.37	2.51	2.43	2.37	2.37	2.31	2.43	2.34	2.40	2.43	2.43	-0.01	0.03	0.00
Mexico	1.97	2.07	2.05	1.98	1.94	1.93	1.94	1.98	1.95	1.97	1.94	1.98	2.05	1.94	1.94	0.03	-0.11	0.00
North America	24.41	24.98	24.53	24.49	24.39	25.00	24.91	24.62	24.52	24.51	24.94	24.67	24.53	24.91	24.94	-0.07	0.38	0.03
Brazil	3.17	3.22	3.20	3.02	3.07	3.14	3.14	3.17	3.02	3.05	3.14	3.18	3.20	3.14	3.14	-0.11	-0.06	0.00
Other LatAm ex. Mexico	3.60	3.64	3.60	3.45	3.59	3.65	3.69	3.63	3.47	3.62	3.67	3.62	3.60	3.69	3.67	0.01	0.09	-0.02
LatAm ex. Mexico	6.77	6.86	6.80	6.47	6.66	6.79	6.83	6.80	6.49	6.67	6.81	6.80	6.80	6.83	6.81	-0.10	0.03	-0.02
Total Europe	13.58	14.19	13.73	13.64	13.95	14.45	14.07	13.65	13.59	13.85	14.10	13.65	13.73	14.07	14.10	0.23	0.34	0.03
Japan	3.80	3.85	4.14	4.43	3.66	3.75	3.71	4.02	4.34	3.52	3.63	3.99	4.14	3.71	3.63	-0.34	-0.43	-0.08
Korea	2.29	2.36	2.52	2.59	2.48	2.53	2.48	2.59	2.68	2.56	2.56	2.63	2.52	2.48	2.56	0.14	-0.04	0.08
Australia, New Zealand, Israel	1.49	1.50	1.52	1.53	1.50	1.50	1.52	1.51	1.53	1.51	1.51	1.52	1.52	1.52	1.51	0.08	0.00	-0.01
OECD Asia Pacific	7.58	7.71	8.18	8.55	7.64	7.78	7.71	8.12	8.55	7.59	7.70	8.14	8.18	7.71	7.70	-0.12	-0.47	-0.01
China	11.58	11.58	11.66	11.69	12.05	11.74	11.52	11.84	11.70	11.82	11.90	12.01	11.66	11.52	11.90	0.46	-0.14	0.38
India	4.04	3.85	4.10	4.36	4.32	4.04	4.06	4.33	4.57	4.60	4.38	4.60	4.10	4.06	4.38	0.30	-0.04	0.32
Other non-OECD Asia	8.56	8.45	8.70	8.74	8.78	8.76	8.74	9.07	9.03	9.10	9.02	9.30	8.70	8.74	9.02	0.40	0.04	0.28
Total Asia	24.18	23.88	24.46	24.79	25.15	24.54	24.32	25.24	25.30	25.52	25.30	25.91	24.46	24.32	25.30	1.16	-0.14	0.98
FSU	4.65	4.81	4.74	4.63	4.57	4.93	5.21	5.11	4.95	5.07	5.24	5.18	4.74	5.21	5.24	-0.26	0.47	0.03
Total Middle East	8.51	8.82	8.32	7.94	8.47	8.78	8.76	8.36	8.07	8.47	8.87	8.49	8.32	8.76	8.87	0.12	0.44	0.11
Total Africa	4.07	3.98	4.12	4.17	4.22	4.11	4.16	4.31	4.34	4.40	4.28	4.43	4.12	4.16	4.28	0.32	0.04	0.12
OECD demand	45.57	46.89	46.44	46.68	45.99	47.23	46.68	46.39	46.66	45.95	46.75	46.46	46.44	46.68	46.75	0.04	0.24	0.07
Non-OECD demand	48.82	49.02	49.14	48.67	49.80	49.82	49.97	50.47	49.86	50.81	51.23	51.53	49.14	49.97	51.23	1.34	0.83	1.26
<b>World demand</b>	<b>94.39</b>	<b>95.90</b>	<b>95.58</b>	<b>95.35</b>	<b>95.79</b>	<b>97.05</b>	<b>96.65</b>	<b>96.85</b>	<b>96.51</b>	<b>96.76</b>	<b>97.98</b>	<b>97.99</b>	<b>95.58</b>	<b>96.65</b>	<b>97.98</b>	<b>1.28</b>	<b>1.07</b>	<b>1.33</b>

Source: IEA, Bloomberg

Table 2. Global oil production, mln bbl / d (quarterly data)

	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	2015	2016	2017	Δ 2015	Δ 2016	Δ 2017
OPEC Crude*	32.50	32.70	32.70	32.80	33.10	33.60	33.10	32.80	32.90	32.80	33.60	33.60	32.70	33.10	33.60	1.30	0.40	0.50
OPEC NGLs	6.60	6.70	6.80	6.70	6.80	6.90	6.90	7.10	7.00	7.00	7.10	7.10	6.80	6.90	7.10	0.20	0.10	0.20
OPEC production	39.10	39.50	39.50	39.60	39.90	40.50	40.00	39.90	39.90	39.80	40.70	40.70	39.50	40.00	40.70	1.50	0.50	0.70
Americas	19.70	20.10	20.10	19.90	19.00	19.40	19.10	19.30	19.40	19.30	19.40	19.50	20.10	19.10	19.40	0.20	-1.00	0.30
Europe	3.50	3.40	3.60	3.60	3.40	3.30	3.40	3.50	3.50	3.40	3.30	3.40	3.60	3.40	3.30	0.20	-0.20	-0.10
Pacific	0.40	0.50	0.50	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.50	0.50	0.40	0.40	0.00	-0.10	0.00
OECD	23.60	24.00	24.20	24.00	22.80	23.10	22.90	23.30	23.30	23.20	23.10	23.30	24.20	22.90	23.10	0.40	-1.30	0.20
FSU	14.00	13.90	14.10	14.30	14.00	14.00	13.90	14.10	14.20	14.20	14.20	14.40	14.10	13.90	14.20	0.20	-0.20	0.30
Europe	3.50	3.40	3.60	3.60	3.40	3.30	3.40	3.50	3.50	3.40	3.30	3.40	3.60	3.40	3.30	0.20	-0.20	-0.10
China	4.40	4.30	4.30	4.20	4.10	3.90	4.00	4.00	4.00	4.00	3.90	3.90	4.30	4.00	3.90	-0.10	-0.30	-0.10
Other Asia	2.80	2.70	2.80	2.80	2.70	2.70	2.70	2.70	2.60	2.60	2.70	2.60	2.80	2.70	2.70	0.10	-0.10	0.00
Latin America	4.60	4.60	4.60	4.40	4.40	4.60	4.60	4.70	4.70	4.70	4.80	4.80	4.60	4.60	4.80	0.00	0.00	0.20
Middle East	1.30	1.20	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.20	1.20	1.20	1.20	1.30	1.20	-0.10	0.10	-0.10
Africa	2.10	2.10	2.10	2.00	1.90	2.00	2.00	2.10	2.10	2.10	2.10	2.10	2.10	2.00	2.10	0.00	-0.10	0.10
Non-OECD	29.20	29.00	29.20	29.00	28.60	28.60	28.70	29.00	29.00	29.00	29.00	29.20	29.20	28.70	29.00	0.00	-0.50	0.30
Non-OPEC Crude	52.80	53.00	53.40	53.00	51.40	51.70	51.60	52.30	52.30	52.20	52.10	52.50	53.40	51.60	52.10	0.40	-1.80	0.50
Processing Gains	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.20	2.30	2.30	0.00	0.10	0.00
Global Biofuels	2.40	2.60	2.30	1.90	2.40	2.80	2.80	2.40	2.00	2.50	2.90	2.50	2.30	2.80	2.90	0.00	0.50	0.10
Non-OPEC production	57.40	57.80	58.00	57.10	56.10	56.80	56.60	57.00	56.60	57.00	57.30	57.30	58.00	56.60	57.30	0.40	-1.40	0.70
<b>World production</b>	<b>96.50</b>	<b>97.30</b>	<b>97.50</b>	<b>96.70</b>	<b>96.00</b>	<b>97.30</b>	<b>96.60</b>	<b>96.90</b>	<b>96.50</b>	<b>96.80</b>	<b>98.00</b>	<b>98.00</b>	<b>97.50</b>	<b>96.60</b>	<b>98.00</b>	<b>1.90</b>	<b>-0.90</b>	<b>1.40</b>

\* IEA Call on OPEC as OPEC Crude forecast

Source: IEA, Bloomberg

## APPENDIX

Table 3. Global crude oil production, mln bbl / d (monthly data)

	Dec-2015	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016	2014	2015	2016 (YTD)	Δ 2014	Δ 2015	Δ 2016 (YTD)
Algeria	1.12	1.11	1.07	1.07	1.06	1.05	1.05	1.07	1.05	1.04	1.05	1.05	1.05	1.17	1.12	1.05	-0.01	-0.05	-0.07
Angola	1.81	1.77	1.84	1.80	1.73	1.73	1.86	1.76	1.78	1.78	1.48	1.69	1.89	1.61	1.81	1.89	-0.20	0.20	0.08
Ecuador	0.53	0.53	0.56	0.55	0.55	0.56	0.55	0.55	0.55	0.56	0.54	0.54	0.54	0.56	0.53	0.54	0.01	-0.03	0.01
Gabon	0.24	0.27	0.28	0.25	0.23	0.23	0.22	0.22	0.22	0.22	0.20	0.22	0.21	0.24	0.24	0.21	0.00	0.01	-0.03
Indonesia	0.77	0.80	0.82	0.83	0.82	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.82	0.76	0.77	0.82	-0.05	0.02	0.05
Iran	2.94	3.01	3.27	3.37	3.50	3.60	3.61	3.65	3.68	3.71	3.84	3.75	3.77	2.58	2.94	3.77	0.17	0.36	0.83
Iraq	4.44	4.53	4.22	4.26	4.33	4.22	4.29	4.33	4.41	4.48	4.59	4.61	4.69	3.76	4.44	4.69	0.61	0.67	0.26
Kuwait	2.93	3.00	3.00	3.00	2.90	2.95	2.95	2.95	2.99	2.97	3.00	2.90	2.84	2.71	2.93	2.84	0.02	0.22	-0.09
Libya	0.43	0.45	0.45	0.36	0.38	0.32	0.34	0.35	0.29	0.45	0.55	0.59	0.65	0.53	0.43	0.65	0.30	-0.10	0.23
Nigeria	1.56	1.48	1.69	1.74	1.58	1.24	1.35	1.06	1.17	1.24	1.36	1.47	1.60	1.81	1.56	1.60	0.09	-0.25	0.03
Qatar	0.63	0.64	0.69	0.70	0.63	0.67	0.66	0.68	0.64	0.61	0.64	0.65	0.64	0.68	0.63	0.64	-0.05	-0.05	0.01
Saudi Arabia	10.14	10.23	10.22	10.22	10.26	10.27	10.55	10.67	10.63	10.65	10.63	10.72	10.47	9.54	10.14	10.47	-0.03	0.60	0.32
U.A.E.	2.99	3.13	2.78	2.91	2.87	3.11	3.17	3.18	3.15	3.19	3.19	3.20	3.22	3.16	2.99	3.22	0.18	-0.16	0.23
Venezuela	1.99	1.99	1.99	1.96	1.96	1.98	2.00	2.00	1.97	1.91	1.90	1.91	1.91	2.08	1.99	1.91	-0.41	-0.09	-0.09
<b>OPEC Crude</b>	<b>31.76</b>	<b>32.14</b>	<b>32.06</b>	<b>32.19</b>	<b>31.97</b>	<b>31.91</b>	<b>32.60</b>	<b>32.47</b>	<b>32.54</b>	<b>32.80</b>	<b>32.96</b>	<b>33.30</b>	<b>33.48</b>	<b>30.61</b>	<b>31.76</b>	<b>33.48</b>	<b>0.36</b>	<b>1.15</b>	<b>1.72</b>
<b>OPEC NGLs</b>	<b>6.51</b>	<b>6.63</b>	<b>6.49</b>	<b>6.64</b>	<b>6.59</b>	<b>6.55</b>	<b>6.62</b>	<b>6.60</b>	<b>6.63</b>	<b>6.75</b>	<b>6.76</b>	<b>6.83</b>	<b>6.72</b>	<b>6.55</b>	<b>6.51</b>	<b>6.72</b>	<b>0.23</b>	<b>-0.04</b>	<b>0.21</b>
<b>OPEC production</b>	<b>38.27</b>	<b>38.77</b>	<b>38.56</b>	<b>38.82</b>	<b>38.56</b>	<b>38.46</b>	<b>39.22</b>	<b>39.07</b>	<b>39.17</b>	<b>39.55</b>	<b>39.72</b>	<b>40.13</b>	<b>40.20</b>	<b>37.16</b>	<b>38.27</b>	<b>40.20</b>	<b>0.59</b>	<b>1.11</b>	<b>1.93</b>
USA	9.15	9.11	9.07	9.27	9.03	8.96	8.57	8.57	8.63	8.47	8.85	8.92	8.97	9.69	9.15	8.97	1.63	-0.55	-0.18
Canada	3.75	3.90	3.89	3.63	3.44	3.07	3.05	3.38	3.70	3.69	3.67	3.77	3.82	3.54	3.75	3.82	0.01	0.21	0.07
Mexico	2.27	2.26	2.21	2.22	2.18	2.17	2.18	2.16	2.14	2.11	2.10	2.07	2.05	2.35	2.27	2.05	-0.16	-0.08	-0.22
<b>North America</b>	<b>15.17</b>	<b>15.27</b>	<b>15.18</b>	<b>15.12</b>	<b>14.65</b>	<b>14.21</b>	<b>13.80</b>	<b>14.11</b>	<b>14.47</b>	<b>14.27</b>	<b>14.63</b>	<b>14.76</b>	<b>14.84</b>	<b>15.59</b>	<b>15.17</b>	<b>14.84</b>	<b>1.48</b>	<b>-0.42</b>	<b>-0.33</b>
Brazil	2.53	2.35	2.34	2.26	2.29	2.49	2.56	2.58	2.61	2.67	2.62	2.61	2.75	2.50	2.53	2.75	0.39	0.04	0.22
Argentina	0.49	0.45	0.43	0.45	0.43	0.43	0.42	0.43	0.44	0.44	0.48	0.46	0.48	0.50	0.49	0.48	-0.02	0.00	-0.02
Colombia	1.00	0.99	0.96	0.92	0.92	0.91	0.89	0.84	0.83	0.86	0.99	0.98	0.99	1.01	1.00	0.99	0.01	-0.01	-0.01
Other Latin America	0.26	0.25	0.24	0.24	0.23	0.24	0.23	0.23	0.23	0.22	0.23	0.24	0.23	0.29	0.26	0.23	0.01	-0.03	-0.02
<b>Non-OPEC Latin America ex. Mexico</b>	<b>4.28</b>	<b>4.04</b>	<b>3.95</b>	<b>3.86</b>	<b>3.86</b>	<b>4.06</b>	<b>4.09</b>	<b>4.09</b>	<b>4.11</b>	<b>4.19</b>	<b>4.32</b>	<b>4.29</b>	<b>4.45</b>	<b>4.29</b>	<b>4.28</b>	<b>4.45</b>	<b>0.39</b>	<b>-0.01</b>	<b>0.17</b>
United Kingdom	1.03	1.04	1.00	1.02	1.02	1.03	0.92	0.99	0.85	0.98	0.94	1.06	1.12	0.93	1.03	1.12	0.03	0.11	0.08
Norway	1.64	1.62	1.63	1.61	1.64	1.57	1.45	1.73	1.57	1.40	1.73	1.76	1.69	1.57	1.64	1.69	0.00	0.06	0.06
Other Europe	0.58	0.58	0.58	0.60	0.53	0.53	0.51	0.51	0.54	0.57	0.58	0.57	0.58	0.64	0.58	0.58	0.01	-0.06	0.00
<b>Europe</b>	<b>3.25</b>	<b>3.24</b>	<b>3.20</b>	<b>3.23</b>	<b>3.18</b>	<b>3.12</b>	<b>2.88</b>	<b>3.23</b>	<b>2.97</b>	<b>2.95</b>	<b>3.25</b>	<b>3.39</b>	<b>3.39</b>	<b>3.14</b>	<b>3.25</b>	<b>3.39</b>	<b>0.05</b>	<b>0.11</b>	<b>0.14</b>
Russia	10.90	11.01	11.01	11.00	10.92	10.94	10.96	10.95	10.78	11.16	11.31	11.28	11.26	10.73	10.90	11.26	0.04	0.17	0.36
Other Ex-USSR	2.27	2.30	2.31	2.28	2.25	2.24	2.22	2.26	1.99	2.22	2.23	2.37	2.48	2.36	2.27	2.48	-0.07	-0.09	0.22
<b>FSU</b>	<b>13.17</b>	<b>13.31</b>	<b>13.32</b>	<b>13.29</b>	<b>13.17</b>	<b>13.18</b>	<b>13.18</b>	<b>13.21</b>	<b>12.77</b>	<b>13.39</b>	<b>13.54</b>	<b>13.66</b>	<b>13.74</b>	<b>13.09</b>	<b>13.17</b>	<b>13.74</b>	<b>-0.04</b>	<b>0.08</b>	<b>0.57</b>
China	4.37	4.27	4.17	4.06	4.07	4.00	3.99	4.02	4.05	4.02	3.99	4.07	4.07	4.32	4.37	4.07	0.05	0.05	-0.29
India	0.74	0.73	0.74	0.74	0.73	0.74	0.74	0.74	0.74	0.72	0.74	0.74	0.75	0.77	0.74	0.75	-0.01	-0.03	0.01
Malaysia	0.62	0.64	0.66	0.66	0.66	0.65	0.65	0.64	0.60	0.66	0.63	0.64	0.64	0.60	0.62	0.64	0.10	0.02	0.02
Australia	0.43	0.36	0.35	0.33	0.32	0.29	0.30	0.32	0.33	0.31	0.33	0.35	0.35	0.36	0.43	0.35	0.01	0.07	-0.07
Other Non-OPEC Asia Pacific	1.64	1.75	1.76	1.76	1.74	1.72	1.73	1.73	1.70	1.71	1.67	1.67	1.65	1.60	1.64	1.65	-0.02	0.03	0.01
<b>Non-OPEC Asia Pacific</b>	<b>7.79</b>	<b>7.74</b>	<b>7.68</b>	<b>7.55</b>	<b>7.52</b>	<b>7.40</b>	<b>7.41</b>	<b>7.46</b>	<b>7.40</b>	<b>7.41</b>	<b>7.36</b>	<b>7.48</b>	<b>7.46</b>	<b>7.65</b>	<b>7.79</b>	<b>7.46</b>	<b>0.13</b>	<b>0.14</b>	<b>-0.32</b>
Egypt	0.62	0.61	0.60	0.60	0.61	0.61	0.61	0.61	0.60	0.59	0.59	0.59	0.60	0.60	0.62	0.60	0.01	0.02	-0.02
Oman	1.01	1.02	1.01	0.98	1.00	1.01	1.02	1.03	1.02	0.97	0.97	0.98	0.99	0.93	1.01	0.99	-0.01	0.07	-0.02
<b>Non-OPEC Africa/Mid East</b>	<b>2.90</b>	<b>2.90</b>	<b>2.90</b>	<b>2.85</b>	<b>2.90</b>	<b>2.93</b>	<b>2.92</b>	<b>2.92</b>	<b>2.93</b>	<b>2.90</b>	<b>2.90</b>	<b>2.92</b>	<b>2.92</b>	<b>2.90</b>	<b>2.90</b>	<b>2.92</b>	<b>-0.10</b>	<b>0.00</b>	<b>0.02</b>
<b>Non-OPEC Crude</b>	<b>49.41</b>	<b>49.24</b>	<b>48.91</b>	<b>48.68</b>	<b>48.33</b>	<b>48.18</b>	<b>47.60</b>	<b>48.50</b>	<b>48.07</b>	<b>48.49</b>	<b>49.13</b>	<b>49.56</b>	<b>49.85</b>	<b>49.48</b>	<b>49.41</b>	<b>49.85</b>	<b>1.78</b>	<b>-0.07</b>	<b>0.44</b>
<b>Non-OPEC NGLs</b>	<b>7.50</b>	<b>7.37</b>	<b>7.43</b>	<b>7.50</b>	<b>7.39</b>	<b>7.38</b>	<b>7.57</b>	<b>7.57</b>	<b>7.35</b>	<b>7.22</b>	<b>7.65</b>	<b>7.77</b>	<b>7.89</b>	<b>7.22</b>	<b>7.50</b>	<b>7.89</b>	<b>0.75</b>	<b>0.28</b>	<b>0.39</b>
<b>Non-OPEC production</b>	<b>56.91</b>	<b>56.61</b>	<b>56.33</b>	<b>56.18</b>	<b>55.72</b>	<b>55.56</b>	<b>55.17</b>	<b>56.07</b>	<b>55.43</b>	<b>55.71</b>	<b>56.78</b>	<b>57.33</b>	<b>57.73</b>	<b>56.70</b>	<b>56.91</b>	<b>57.73</b>	<b>2.54</b>	<b>0.21</b>	<b>0.82</b>
<b>World production</b>	<b>95.18</b>	<b>95.38</b>	<b>94.89</b>	<b>95.00</b>	<b>94.28</b>	<b>94.02</b>	<b>94.39</b>	<b>95.13</b>	<b>94.59</b>	<b>95.25</b>	<b>96.50</b>	<b>97.45</b>	<b>97.94</b>	<b>93.86</b>	<b>95.18</b>	<b>97.94</b>	<b>3.13</b>	<b>1.32</b>	<b>2.76</b>

Source: IEG

## APPENDIX

Table 4. OECD commercial oil inventories, mln bbl (monthly data)

	Oct-2015	Nov-2015	Dec-2015	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	2014	2015	2016 (YTD)	Δ 2014	Δ 2015	Δ 2016 (YTD)
<b>Americas</b>	1,545	1,593	1,590	1,614	1,611	1,620	1,599	1,602	1,609	1,636	1,635	1,616	1,603	1,446	1,590	1,603	130	144	13
Crude	611	647	641	661	676	689	661	656	650	646	639	619	634	552	641	634	53	89	-7
Products	746	762	773	780	765	758	762	764	773	795	801	801	770	730	773	770	59	43	-3
<b>Europe</b>	971	980	990	1,015	1,019	1,004	1,006	1,014	1,006	1,024	1,008	990	976	886	990	976	5	104	-14
Crude	347	346	361	358	353	349	352	357	357	363	354	351	343	319	361	343	3	42	-19
Products	554	568	563	589	593	586	584	589	581	593	585	567	562	502	563	562	5	61	-1
<b>Asia Pacific</b>	439	428	435	425	422	421	420	434	438	442	442	450	448	405	435	448	13	30	13
Crude	205	191	206	192	196	196	194	203	202	196	187	202	203	173	206	203	18	33	-3
Products	169	170	166	167	163	166	164	171	175	184	192	187	183	169	166	183	-1	-3	17
<b>OECD</b>	2,955	3,001	3,015	3,054	3,052	3,046	3,025	3,050	3,052	3,102	3,085	3,055	3,027	2,738	3,015	3,027	148	278	12
Crude	1,163	1,184	1,208	1,210	1,225	1,235	1,207	1,215	1,208	1,205	1,181	1,172	1,179	1,045	1,208	1,179	73	164	-29
Products	1,468	1,500	1,502	1,536	1,522	1,509	1,510	1,525	1,530	1,572	1,578	1,554	1,515	1,401	1,502	1,515	63	101	13

Source: IEA

Table 5. OECD oil inventories, mln bbl (quarterly data)

	Q3-2013	Q4-2013	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Q3-2016	2014	2015	2016 (YTD)	Δ 2014	Δ 2015	Δ 2016 (YTD)
Canada	183	170	174	179	186	193	183	176	183	188	184	175	183	193	188	183	23	-5	-5
Mexico	50	49	48	47	49	53	50	50	50	50	46	49	46	53	50	46	4	-3	-4
USA	1,834	1,762	1,754	1,820	1,841	1,862	1,910	1,943	1,973	1,987	2,024	2,049	2,050	1,862	1,987	2,050	99	125	63
<b>Americas</b>	2,101	2,013	2,008	2,079	2,108	2,139	2,176	2,203	2,240	2,258	2,286	2,306	2,313	2,139	2,258	2,313	126	119	55
Australia	37	37	37	36	39	36	34	36	36	34	37	38	37	36	34	37	-1	-3	3
Japan	591	575	590	589	608	581	568	578	590	582	560	574	587	581	582	587	5	1	5
Korea	191	178	193	188	197	197	201	225	226	228	236	238	239	197	228	239	19	31	11
New Zealand	8	8	8	10	9	8	9	9	9	8	8	9	9	8	8	9	0	-1	1
<b>Pacific</b>	826	809	828	823	853	822	812	848	860	851	841	859	871	822	851	871	13	29	20
Germany	286	290	288	290	283	284	284	286	281	285	289	288	284	284	285	284	-6	1	-1
France	166	168	167	168	171	168	173	170	167	168	166	168	167	168	168	167	0	0	-1
Italy	131	125	123	122	123	119	121	117	117	117	120	121	127	119	117	127	-6	-2	10
Spain	120	112	117	118	123	121	132	133	140	131	140	134	139	121	131	139	10	10	8
UK	82	78	76	75	75	78	76	77	79	81	80	83	77	78	81	77	0	3	-4
Turkey	63	62	63	62	63	62	65	66	71	75	76	78	77	62	75	77	0	12	2
Sweden	26	28	28	27	28	29	32	31	33	35	35	33	36	29	35	36	1	6	0
Other Europe	482	489	492	496	501	494	525	531	546	571	576	574	559	494	571	559	5	77	-12
<b>Europe</b>	1,356	1,351	1,354	1,358	1,366	1,356	1,409	1,411	1,434	1,463	1,481	1,479	1,465	1,356	1,463	1,465	5	107	2
<b>OECD</b>	4,282	4,174	4,189	4,260	4,327	4,318	4,397	4,462	4,533	4,572	4,608	4,643	4,649	4,318	4,572	4,649	144	254	77

Source: IEA

## APPENDIX

Table 6. Global oil stocks on floating storages, mln bbl

	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016	Jan-2017	2015	2016	2017 (YTD)	Δ 2015	Δ 2016	Δ 2017 (YTD)
<b>South East Asia</b>	54.0	57.5	72.0	86.7	79.5	73.3	70.9	65.4	51.5	61.6	51.3	64.5	68.7	52.0	64.5	68.7	4.1	12.5	4.2
Crude	44.0	44.2	59.7	73.9	67.9	59.9	57.1	48.6	37.3	47.1	37.8	50.0	55.6	41.5	50.0	55.6	8.7	8.5	5.6
Products	9.9	13.3	12.3	12.8	11.6	13.4	13.8	16.8	14.2	14.5	13.5	14.5	13.1	10.5	14.5	13.1	-4.6	4.1	-1.5
<b>Middle East</b>	20.6	53.1	63.2	65.1	62.0	64.8	63.4	61.2	54.0	66.9	46.0	44.5	48.4	52.3	44.5	48.4	15.7	-7.8	3.9
Crude	14.9	46.2	55.4	57.2	55.8	57.5	56.6	53.7	46.1	58.5	37.9	37.9	42.5	45.3	37.9	42.5	13.5	-7.4	4.7
Products	5.7	6.9	7.8	7.9	6.2	7.4	6.8	7.4	8.0	8.3	8.1	6.6	5.9	7.0	6.6	5.9	2.2	-0.4	-0.7
<b>Mediterranean</b>	32.8	31.4	29.3	28.4	27.3	27.3	31.1	27.9	31.4	30.5	32.8	36.1	30.8	32.3	36.1	30.8	3.4	3.8	-5.4
Crude	18.8	16.8	18.1	16.7	15.8	15.7	17.9	16.2	18.7	18.6	17.2	21.0	17.6	20.9	21.0	17.6	3.0	0.1	-3.4
Products	13.9	14.6	11.2	11.7	11.6	11.6	13.3	11.6	12.7	11.9	15.6	15.1	13.2	11.4	15.1	13.2	0.4	3.7	-1.9
<b>North West Europe</b>	13.4	14.5	15.6	15.9	15.1	14.8	15.0	15.1	12.7	15.1	18.7	15.6	12.3	12.8	15.6	12.3	8.6	2.9	-3.4
Crude	10.0	9.3	10.6	10.6	10.7	10.7	11.9	10.1	8.9	11.1	16.2	12.3	8.9	8.8	12.3	8.9	6.7	3.5	-3.4
Products	3.4	5.2	5.1	5.3	4.4	4.1	3.1	5.0	3.8	4.0	2.5	3.4	3.4	3.9	3.4	3.4	2.0	-0.6	0.0
<b>West Africa</b>	26.2	24.7	22.5	21.1	23.8	20.9	23.0	26.0	26.0	30.0	27.4	32.0	27.5	25.9	32.0	27.5	0.9	6.1	-4.5
Crude	12.5	9.7	9.0	6.1	8.8	7.1	10.2	13.5	11.2	14.1	12.9	16.4	12.2	11.2	16.4	12.2	2.0	5.2	-4.2
Products	13.7	15.0	13.5	15.0	15.0	13.8	12.8	12.6	14.8	15.9	14.5	15.5	15.2	14.7	15.5	15.2	-1.1	0.8	-0.3
<b>China + Korea + Japan</b>	39.6	29.8	23.2	22.9	34.5	35.9	20.4	23.6	18.5	28.7	20.6	27.9	17.3	22.8	27.9	17.3	8.6	5.1	-10.6
Crude	19.8	14.9	11.6	11.5	17.3	17.9	10.2	11.8	9.2	14.4	10.3	14.0	8.7	11.4	14.0	8.7	4.3	2.6	-5.3
Products	19.8	14.9	11.6	11.5	17.3	17.9	10.2	11.8	9.2	14.4	10.3	14.0	8.7	11.4	14.0	8.7	4.3	2.6	-5.3
<b>US Gulf Coast</b>	8.6	13.8	14.0	11.1	8.7	9.3	7.4	6.3	7.1	7.5	7.2	13.1	14.3	9.4	13.1	14.3	0.8	3.7	1.2
Crude	5.6	10.5	9.9	8.1	5.3	6.2	3.6	4.2	4.2	5.0	4.1	8.5	9.2	6.5	8.5	9.2	0.4	2.1	0.7
Products	3.0	3.3	4.1	2.9	3.4	3.1	3.8	2.1	2.9	2.5	3.1	4.6	5.1	3.0	4.6	5.1	0.3	1.6	0.5
<b>India</b>	3.6	6.7	5.6	5.5	7.8	7.8	9.9	5.5	8.7	4.3	4.3	12.1	5.5	4.5	12.1	5.5	0.2	7.6	-6.5
Crude	0.3	4.0	2.7	3.1	4.3	3.2	5.5	1.3	3.7	1.0	2.0	8.7	2.4	0.2	8.7	2.4	-0.4	8.6	-6.4
Products	3.3	2.7	2.9	2.3	3.6	4.6	4.4	4.2	4.9	3.2	2.4	3.3	3.2	4.3	3.3	3.2	0.6	-1.0	-0.1
<b>World</b>	198.1	234.3	251.4	261.3	259.7	253.5	250.8	240.2	221.4	257.3	220.5	258.1	238.0	223.5	258.1	238.0	46.5	34.7	-20.1
Crude	135.0	165.2	182.4	195.1	195.4	184.3	182.1	169.7	147.9	185.9	148.6	180.8	166.5	157.5	180.8	166.5	45.3	23.3	-14.3
Products	63.1	69.1	68.9	66.1	64.3	69.2	68.7	70.5	73.5	71.5	71.9	77.4	71.6	66.0	77.4	71.6	1.2	11.4	-5.8

Source: Bloomberg Energy

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