Organization of the Petroleum Exporting Countries

OPEC Monthly Oil Market Report

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Feature article:
Oil market outlook for 2025

Organization of the Petroleum Exporting Countries

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Oil Market Highlights

Crude Oil Price Movements

The OPEC Reference Basket (ORB) value fell by $5.92, or 7.0%, m-o-m in December, to average $79/b. The ICE Brent front-month contract dropped by $4.71, or 5.7%, m-o-m, to $77.32/b, and the NYMEX WTI front-month contract fell by $5.26, or 6.8%, to average $72.12/b. The DME Oman front-month contract dropped by $6.23, or 7.5%, m-o-m, to settle at $76.83/b. The front-month ICE Brent/NYMEX WTI spread widened again in December by 55¢ to average $5.20/b. The market structure continued to weaken in all markets as hedge funds and other money managers remained bearish, substantially reducing their long positions, which contributed to volatility in prices.

World Economy

Global economic growth forecast for 2024 remains at a healthy 2.6%, unchanged from the previous month's assessment. The economic growth in 2025 is expected to pick up slightly reaching 2.8%. This positive trajectory is in line with the expectation that general inflation will continue to diminish throughout 2024 and into 2025, particularly in major economies. A shift towards increasingly accommodative monetary policies is anticipated for 2H24 and throughout 2025, with key policy rates expected to peak in 1H24. US economic growth forecast for 2024 remains unchanged at 1%, followed by 1.5% for 2025. Economic growth forecast in the Eurozone remains at 0.5% for 2024, before rising to 1.2% in 2025. Japan's economic growth forecast for 2024 remains at 0.9%, while growth in 2025 is forecast to pick up slightly to 1%. China's economic growth forecast for 2024 remains at 4.8%, with economic growth forecast for 2025 at 4.6%. India's economic growth forecast remains at 5.9% for 2024, expanding further to 6.1% in 2025. Brazil's economic growth forecast for 2024 is revised up to 1.4% and then rises to 1.9% in 2025. Russia's economic growth forecast in 2024 is revised up to 1.4% and is expected to grow by 1.2% in 2025.

World Oil Demand

The global oil demand growth forecast for 2024 remains unchanged at 2.2 mb/d, with the OECD growing by around 0.3 mb/d and the non-OECD by about 2.0 mb/d. The global oil demand growth in 2025 is expected to see a robust growth of 1.8 mb/d, y-o-y. The OECD is expected to grow by 0.1 mb/d, y-o-y, while demand in the non-OECD is forecast to increase by 1.7 mb/d.

World Oil Supply

The non-OPEC liquids production in 2024 is expected to grow by 1.3 mb/d, slightly revised down from the previous month's assessment. The main drivers for liquids supply growth in 2024 are expected to be the US, Canada, Guyana, Brazil, Norway and Kazakhstan. The non-OPEC liquids supply growth in 2025 is expected to stand at 1.3 mb/d, mainly driven by the US, Brazil, Canada, Norway, Kazakhstan and Guyana. OPEC natural gas liquids (NGLs) and non-conventional liquids are forecast to grow by around 64 tb/d to average 5.5 mb/d, followed by growth of 110 tb/d in 2025 to average 5.6 mb/d. OPEC-12 crude oil production in December 2023 increased by 73 tb/d, m-o-m, to average 26.70 mb/d, according to available secondary sources.

Product Markets and Refining Operations

In December 2023, refinery margins declined in the Atlantic Basin, weighed down by higher refinery product output levels and rising product availability, in line with seasonal trends. Despite some support observed over the year-end holidays, the gasoline in the US Gulf Coast (USGC) and Rotterdam was relatively weak, and the positive performance in naphtha and high sulphur fuel oil proved insufficient to avert heavy supply-side pressures associated with jet/kerosene and gasoil. In Singapore, margins rose driven by robust naphtha performance and additional support across the entire barrel. Global refinery intake extended its recovery momentum from the previous month, registering a rise of 1.5 mb/d m-o-m in December, and averaged 82.3 mb/d compared to 80.8 mb/d in the previous month. In the coming months, refinery intakes are expected to remain steady.

Tanker Market

Dirty spot freight rates experienced a seasonal dip in December, despite increased uncertainties along key routes which were seen adding upward pressure on rates. For the year, spot freight rates in 2023 declined from the elevated levels seen in 2022. Very large crude carriers (VLCCs) rates were less directly impacted by trade dislocations seen in 2022 and thus experienced a less pronounced decline, falling 7% on the Middle East-to-East route in 2023. Suezmax averaged 17% lower on the USGC-to-Europe route. Aframax saw the largest decline, giving up about one-third of the previous year's gains. Rates on the Intra-Med route fell by about 32% in 2023, after more than doubling in 2022. Clean tanker spot freight rates experienced similar volatility, with rates on the Middle East-to-East route declining 30% in 2023, following an increase of 123% in the previous year. The increased tanker demand and longer distances travelled were insufficient to fully outweigh the market's adjusting to trade dislocations seen in 2022.

Crude and Refined Products Trade

Preliminary data for the final month of the year points to 2023 being a robust year for crude and product trade flows. US crude imports in 2023 averaged 6.5 mb/d, the highest since 2019, while US crude exports averaged just under 4.1 mb/d, a new record high. China's crude and petroleum product imports are likely to have set new record highs in 2023. China's crude imports averaged 11.3 mb/d in 2023, surpassing the previous record of 10.9 mb/d in 2020. China's product imports are on track to average above 2 mb/d once final December data is available, compared to the previous record of 1.5 mb/d set in 2022. India's crude imports are also likely to see a record high in 2023, averaging close to 4.7 mb/d compared to the previous record of 4.6 mb/d in 2022. India's product imports are on course to achieve a record level above 1.1 mb/d I 2023, compared to a previous high of just under 1.06 mb/d set in 2022. Product exports from India are broadly in line with the previous year, averaging around 1.3 mb/d. In contrast, Japan had a more muted performance in 2023, compared to more robust flows in recent years. Preliminary estimates for OECD Europe crude imports point to flows in 2023, remaining largely in line with the previous year's levels.

Commercial Stock Movements

Preliminary data for November 2023 shows total OECD commercial oil stocks down by 7.3 mb, m-o-m. At 2,819 mb, they were 122 mb below the 2015–2019 average. Within the components, crude stocks rose by 17.5 mb, m-o-m, while products stocks fell by 10.2 mb, m-o-m. OECD commercial crude stocks stood at 1,354 mb in November, 97 mb lower than the 2015–2019 average. Total product stocks stood at 1,466 mb, which was 25 mb below the 2015–2019 average. In terms of days of forward cover, OECD commercial stocks rose by 0.1 days, m-o-m, in November, standing at 61.5 days. This was 0.7 days less than the 2015–2019 average.

Balance of Supply and Demand

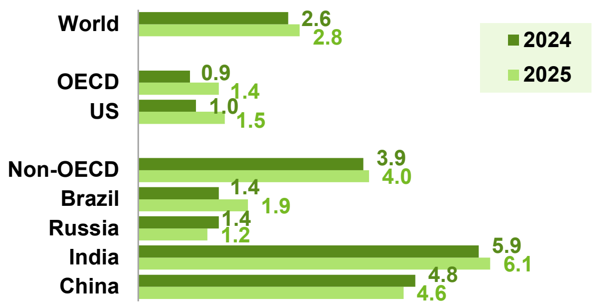
Demand for OPEC crude in 2024 stands at 28.5 mb/d, which is 0.8 mb/d higher than the estimated level in 2023. Based on the initial world oil demand and non-OPEC supply forecast for 2025, demand for OPEC crude is expected to reach 29.0 mb/d, 0.5 mb/d higher than the forecasted 2024 level.

Feature Article

Oil market outlook for 2025

World economic growth in 2025 is forecast at 2.8%, which points to an improving trend compared to this year's expected level of 2.6%. Supporting this is an anticipated recovery in OECD economies from low growth in 2024. Non-OECD economies – including the key oil-consuming economies of China and India, along with other Asian developing economies – are set to continue their healthy growth levels and be responsible for a large part of next year's global economic growth. This development is under the assumption that general inflation will continue retracting in 2024 and beyond. Hence, increasingly accommodative monetary policies are expected for 2H24 and 2025, assuming that key policy rates peak in 1H24. Although the output dynamic and growth contribution for the industrial sector in major OECD economies in 2023 was bearish, the dynamic is forecast to improve over the course of 2024 and 2025. While the services sector has been the main global economic growth driver for 2023, a normalization of the sector's growth dynamic is expected in 2024 and 2025.

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

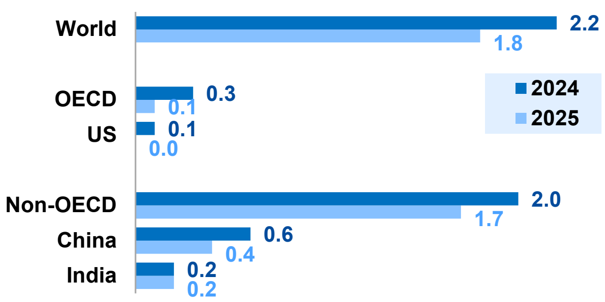


Source: OPEC.

With this, **global oil demand** in 2025 is set to grow by a robust 1.8 mb/d, y-o-y, sustained by continued solid economic activity in China, and expected firm growth in other non-OECD countries. On a regional basis, OECD oil demand is forecast to expand by 0.1 mb/d, y-o-y, while non-OECD oil demand is expected to show a considerable growth of nearly 1.7 mb/d, mostly in China, the Middle East, and Other Asia, including India.

In terms of oil products, transportation fuels are set to drive oil demand growth in 2025, with air travel expected to see further expansion, as both international and domestic traffic increase. Gasoline requirements will continue to see support from steadily rising road mobility in major consuming countries, such as China, the Middle East, 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, mostly in China and the Middle East.

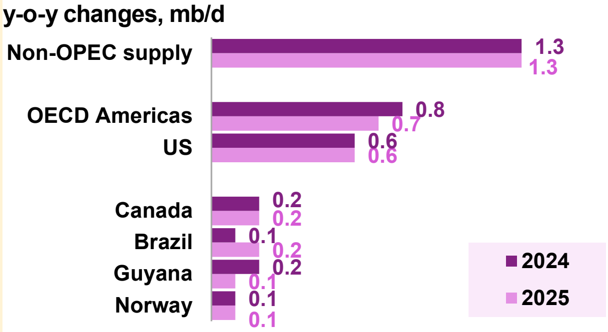
Graph 2: World oil demand growth forecast, y-o-y changes, mb/d



Source: OPEC.

Non-OPEC oil supply in 2025 is forecast to grow by 1.3 mb/d, y-o-y, supported by expected healthy demand and upstream investment. Oil and gas upstream CAPEX investment in non-OPEC countries is expected at around $473 billion. This is slightly lower than anticipated spending in 2024. Growth in 2025 is primarily set to come from OECD Americas, with US liquids production forecast to expand by 0.6 mb/d, mainly from Permian crude, non-conventional NGLs and the Gulf of Mexico. Other main growth drivers are forecast to be Brazil, Canada, Norway, Kazakhstan and Guyana, with 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.

Bringing forward the publication of the 2025 forecast to the January 2024 MOMR issue is part of the continued commitment of the OPEC organization to offer more transparency and support for both consumers and producers. The undertaking to reach beyond the previously established time horizon of short-term forecasting serves to support the understanding of market dynamics and to support the continued commitment of the OPEC and non-OPEC Participating Countries in the Declaration of Cooperation (DoC) to achieve and sustain a stable oil market, and to provide long-term guidance for the market, and in line with the successful approach of being precautious, proactive, and pre-emptive, which has been consistently adopted by OPEC and non-OPEC Participating Countries in the DoC.

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Crude Oil Price Movements

The OPEC Reference Basket (ORB) values fell in December by $5.92/b, or 7.0%, to stand at $79.00/b. All ORB component values declined. On a yearly average, the ORB value fell $17.13, or 17.1%, from $100.08/b in 2022 to average $82.95/b in 2023.

Crude oil futures prices extended their decline in December, reaching their lowest levels since late June. This downward trend was primarily driven by selling pressure from speculators, with a consistent increase in bearish positions observed among money managers, especially for NYMEX WTI. Money managers raised bearish positions to their highest levels since October 2020.

The ICE Brent front-month was $4.71 lower, or 5.7%, in December averaging at $77.32/b, and the NYMEX WTI fell by $5.26, or 6.8%, to average $72.12/b. In 2023, ICE Brent averaged $82.17/b, which was $16.87, or 17.0%, lower compared to 2022. NYMEX WTI was lower by $16.73, or 17.7%, compared to the previous year, to stand at $77.60/b in 2023. DME Oman crude oil futures prices fell m-o-m in December by $6.23, or 7.5%, to settle at $76.83/b. In 2023, DME Oman was lower by $14.32, or 14.9%, at $82.02/b.

The speculative activity showed mixed movement in December in the two major futures and options contracts, ICE Brent and NYMEX WTI, and remained bearish about the oil outlook. Hedge funds and other money managers accelerated the selling of bullish positions in the first two weeks of the month, contributing to lower oil prices.

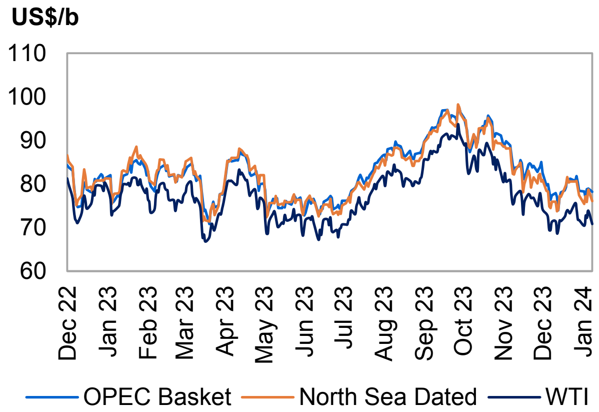
The market structure of all three crude benchmarks — ICE Brent, NYMEX WTI and DME Oman — weakened in December compared with the previous month, with the nearest time spreads of NYMEX WTI flipped into contango. ICE Brent and Dubai price structures also flipped briefly into contango.

The sweet-sour crude differentials narrowed in the USGC and Europe in December, mainly due to the narrowing of the spread between light/medium distillate compared to heavy distillate product margins. However, in Asia, the sweet/sour crude differentials widened last month on a weaker medium sour crude market compared to the sweet crude market.

Crude spot prices

Crude spot prices averaged lower in December, extending the previous month's losses. Buying interest in the spot market slowed ahead of the end-year amid a decline in refining margins, specifically in Europe and the USGC, and seasonal maintenance in 1Q24 that likely reduced refiners' appetite for prompt loading volumes. The availability of prompt loading cargoes pushed spot prices lower. Light sweet crude in the Atlantic Basin was undermined by a sharp decline in fuel transportation margins in Europe and the USGC.

Graph 1 - 1: Crude oil price movements



Sources: Argus, OPEC and Platts.

Medium sour crude in the East of Suez market was also under pressure from ample supply of prompt loading cargoes in the spot market and the availability of alternative crude in Latin America, despite renewed demand from some Asia-Pacific refiners in the second half of the month. However, the price decline of the spot price was limited by tensions on key trading routes.

Spot prices declined more than futures prices in a sign of a well-supplied crude market, specifically for prompt loading volumes. This was reflected in the narrowing of the North Sea Dated-ICE Brent spread. On a monthly average, the North Sea Dated-ICE Brent spread fell by 36¢ in December, which settled at a premium of 66¢/b, compared to a premium of $1.02/b in November.

In December, Dubai first month contract declined the most m-o-m, by $6.02, or 7.2%, to an average of $77.31/b, while North Sea Dated and WTI's first month fell respectively m-o-m by $5.07 and $5.29, or 6.1% and 6.8%, to settle at $77.98/b and $72.08/b.

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

OPEC Reference Basket (ORB)	Nov 23	Dec 23	*Change* Dec 23/Nov 23	%	*Annual average* 2022	2023
ORB	**84.92**	**79.00**	***-5.92***	***-7.0***	**100.08**	**82.95**
Arab Light	87.30	81.27	*-6.03*	*-6.9*	101.64	84.94
Basrah Medium	83.80	77.64	*-6.16*	*-7.4*	97.33	80.68
Bonny Light	86.18	79.81	*-6.37*	*-7.4*	103.63	83.46
Djeno	75.60	70.53	*-5.07*	*-6.7*	93.65	75.12
Es Sider	83.35	77.78	*-5.57*	*-6.7*	101.28	82.21
Girassol	83.22	78.88	*-4.34*	*-5.2*	103.66	84.40
Iran Heavy	85.00	79.06	*-5.94*	*-7.0*	99.92	83.13
Kuwait Export	86.30	80.11	*-6.19*	*-7.2*	101.19	84.26
Merey	70.74	65.23	*-5.51*	*-7.8*	76.96	64.37
Murban	83.33	77.68	*-5.65*	*-6.8*	98.89	82.85
Rabi Light	82.59	77.52	*-5.07*	*-6.1*	100.64	82.11
Sahara Blend	84.80	78.83	*-5.97*	*-7.0*	104.24	83.64
Zafiro	84.45	79.38	*-5.07*	*-6.0*	102.88	83.42
Other Crudes						
North Sea Dated	83.05	77.98	*-5.07*	*-6.1*	101.10	82.57
Dubai	83.33	77.31	*-6.02*	*-7.2*	96.32	82.02
Isthmus	76.76	70.67	*-6.09*	*-7.9*	91.85	73.14
LLS	80.37	74.96	*-5.41*	*-6.7*	96.76	80.08
Mars	77.82	72.59	*-5.23*	*-6.7*	91.71	77.13
Minas	81.16	76.69	*-4.47*	*-5.5*	96.94	80.58
Urals	74.58	64.92	*-9.66*	*-13.0*	78.47	64.43
WTI	77.37	72.08	*-5.29*	*-6.8*	94.55	77.58
Differentials						
North Sea Dated/WTI	5.68	5.90	*0.22*	-	6.55	4.99
North Sea Dated/LLS	2.68	3.02	*0.34*	-	4.34	2.48
North Sea Dated/Dubai	-0.28	0.67	*0.95*	-	4.78	0.55

Sources: Argus, Direct Communication, OPEC and Platts.

Crude differentials showed mixed movement among regions. In the North Sea, crude differentials largely weakened m-o-m on ample supply of light crude supply in Northwest Europe, including robust supply from the US, and softer demand from European refiners. Weaker light distillate margins also weighed on the value of crude differentials in the North Sea. Forties and Ekofisk crude differentials fell on a monthly average in December by 54¢ and 70¢, respectively, to settle at premiums of $1.05/b and $2.36/b. Johan Sverdrup crude differentials to North Sea Dated also weakened by 13¢ m-o-m to stand at a discount of $1.41/b.

In the Mediterranean and Caspian regions, crude differentials were also under pressure from softer demand and weaker margins. Saharan Blend and CPC Blend crude differentials declined respectively by 29¢ and 18¢ m-o-m, to average a premium of 43¢/b and a discount of $1.31/b to North Sea Dated. However, Azeri Light rose by 45¢ to a premium of $5.00/b to North Sea Dated.

The value of light and medium sweet crude differentials showed a positive performance in the West African market, buoyed by lower loading programs for some grades and renewed from European refiners. Favourable west-to-east arbitrage economics amid a narrow Brent-Dubai spread helped in supporting West African crudes. Bonny Light, Forcados and Qua Iboe crude differentials to North Sea Dated increased by 28¢, $2.22 and 11¢, respectively, to stand at premiums of 79¢/b, $3.58/b and $1.18/b. However, the crude differential of Cabinda fell by $1.17 m-o-m to a premium of 24¢/b.

In the USGC, crude differentials rose on lower crude stocks and a wider Brent-WTI futures spread that made WTI-related crudes more attractive. Light Louisiana Sweet (LLS) rose by 3¢ last month on a monthly basis to stand at a premium of $2.88/b to the WTI benchmark, and Mars sour crude differentials increased by 17¢ to an average, to stand at a premium of 51¢/b.

In the Middle East, the value of Oman crude was under pressure due to the availability of prompt unsold cargoes, with the crude differentials to Dubai dropping by $1.34 for the month to a premium of 7¢/b.

OPEC Reference Basket (ORB)

The **ORB value** fell in December, dropping by $5.92/b, or 7.0%, to stand at $79.00/b, as all ORB component values declined alongside their perspective crude oil benchmarks, and mixed movement was seen in official selling prices of sour components exported to Asia and Europe. Official selling prices and crude differentials of almost all light sweet grades fell amid softer physical crude market fundamentals. On a yearly average, the ORB declined by $17.13, or 17.1%, from $100.08/b in 2022 to an average of $82.95/b in 2023.

All **ORB component values** fell last month alongside their respective crude oil benchmarks. West and North African Basket components – Bonny Light, Djeno, Es Sider, Girassol, Rabi Light, Sahara Blend, and Zafiro – declined by $5.35 m-o-m in December, or 6.5% on average, to $77.53/b. Multiple region destination grades – Arab Light, Basrah Light, Iran Heavy, and Kuwait Export – also decreased by $6.08 m-o-m, or 7.1% on average, to settle at $79.52/b. Murban crude declined by $5.65 m-o-m, or 6.8% on average, to settle at $77.68/b, while the Merey crude component fell by $5.51 m-o-m, or 7.8% on average, to settle at $65.23/b.

The oil futures market

Crude oil futures prices extended their decline in December, reaching the lowest levels since late June. This was primarily driven by selling pressure from speculators, with a consistent increase in bearish positions observed among money managers, especially for NYMEX WTI. Money managers raised bearish positions to their highest since October 2020, which indicates a prevailing negative sentiment from non-commercial participants. Money managers amassed the equivalent of 226 mb of short positions in the major futures contracts ICE Brent and NYMEX WTI.

Traders focused on the sustained high supply of crude oil in the US, which exerted downward pressure on futures prices. The surplus in the US oil supply contributed to pushing the NYMEX WTI nearest term spread into contango, which further influenced market sentiment. EIA data showed US crude oil production reached a fresh record high in December. Additionally, the EIA reported a large build in US gasoline and diesel stocks in December, sustaining the downward pressure on refining margins and oil futures prices. Between the week of 24 November and 29 December, US gasoline and diesel stocks rose by 19 mb and 15 mb, respectively.

The persistent concerns regarding the demand outlook in the US and China added to the downward pressure on oil prices. This was amplified by a drop of 13.3% in China's November crude imports and lower m-o-m refinery throughputs. Market sentiment was further influenced by Moody's downgrade warnings on China's state-owned entities and banks, which added an additional layer of uncertainty.

However, the oil price recovered slightly in the second half of December as selling pressure from speculators eased. Traders' concerns about the oil market outlook also subsided following the release of reports projecting robust oil demand in 2024. This positive sentiment was mirrored in wider financial markets, which experienced a rally attributed to a sharp drop in the US dollar and signs suggesting the end of the Federal Reserve's aggressive interest rate hiking campaign.

The oil futures prices were also buoyed by a higher geopolitical risk premium due to concerns about maritime trade flow disruptions, leading to worries about supply chain bottlenecks and increased supply costs. Concurrently, short covering by speculators, who had significantly reduced their bullish positions in November and the first two weeks of December, contributed to the upward movement in oil futures. The combination of a weaker US dollar and signs indicating renewed demand in the spot crude market ahead of the year-end holidays further limited the decline of oil prices.

The **ICE Brent** front-month averaged $4.71, or 5.7%, lower in December to stand at $77.32/b, and the **NYMEX WTI** fell by $5.26, or 6.8%, to average $72.12/b. In 2023, ICE Brent averaged $82.17/b, which was $16.87, or 17.0%, lower compared to 2022. NYMEX WTI was lower by $16.73, or 17.7%, compared to the previous year, to stand at $77.60/b in 2023. **DME Oman** crude oil futures prices fell m-o-m in December by $6.23, or 7.5%, to settle at $76.83/b. In 2023, DME Oman was lower by $14.32, or 14.9%, at $82.02/b.

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

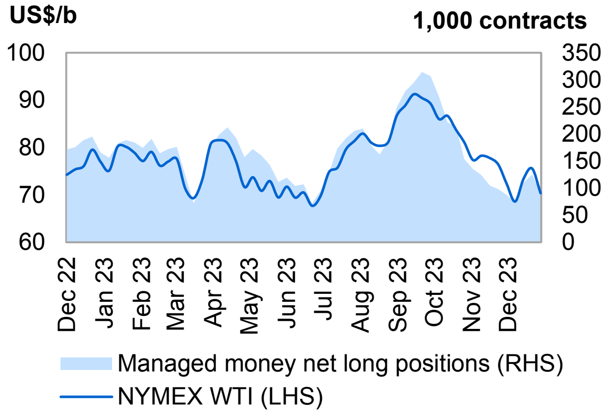
Crude oil futures	Nov 23	Dec 23	*Change* Dec 23/Nov 23	%	*Annual average* 2022	2023
NYMEX WTI	77.38	72.12	-5.26	-6.8	94.33	77.60
ICE Brent	82.03	77.32	-4.71	-5.7	99.04	82.17
DME Oman	83.06	76.83	-6.23	-7.5	96.34	82.02
Spread						
ICE Brent-NYMEX WTI	*4.65*	*5.20*	*0.55*	*11.8*	*4.71*	*4.57*

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

The value of the WTI futures contract at Cushing continued to drop more than Brent futures, resulting in further widening of the front-month **ICE Brent/NYMEX WTI spread** in December. NYMEX WTI stayed under pressure from the selling in related futures and options and rising crude stocks at Cushing. Data showing high US crude production and a large build in diesel and gasoline stocks in the US added downward pressure on NYMEX WTI. Meanwhile, a geopolitical risk premium following the tensions on key trading routes lent more support to Brent compared to WTI. The ICE Brent/NYMEX WTI spread widened m-o-m by an average of 55¢ in December to stand at $5.20/b. However, the North Sea Dated premium to WTI Houston continued to narrow slightly last month, contracting by 42¢ on a monthly average to stand at a premium of $4.45/b. The value of North Sea crudes in Northwest Europe fell the most amid signs of ample supply in Northwest Europe and softer demand. At the same time, sustained exports of WTI crude in December contributed to narrowing the North Sea Dated-WTI Houston spread.

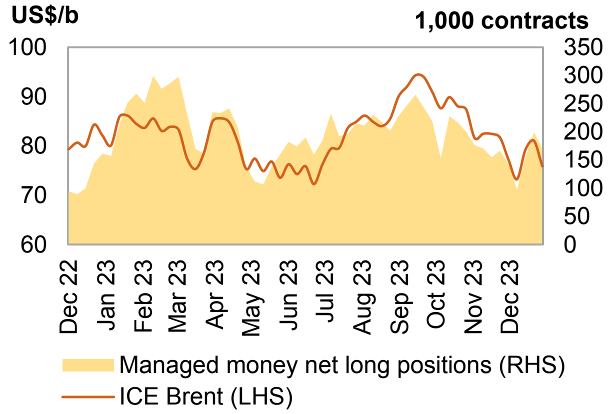
The **speculative activity** showed mixed movement in December in the two major futures and options contracts ICE Brent and NYMEX WTI, and remained bearish about the oil outlook, but total net long positions rose slightly over the month. Hedge funds and other money managers accelerated the selling of bullish positions in the first two weeks of the month, contributing to pushing oil prices lower amid uncertainties about China and US economic outlooks. Between the weeks of 28 November and 12 December, speculators reduced net long positions by 93,972 lots in the two major futures contracts ICE Brent and NYMEX WTI, and were sellers of a net of about 94 mb. The drop in money managers' net long positions was more accentuated in futures and options related to ICE Brent. In the decline in Brent's related futures and options net long positions were driven by the rise of short positions. In the second half of December, speculators raised net long positions amid geopolitical tensions on key trading routes. Short covering emerged as prices rebounded. In early January 2024, money managers resumed selling.

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



Sources: CFTC, CME and OPEC.

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



Sources: ICE and OPEC.

Money managers were buyers of the equivalent of about 3 mb of the **ICE Brent** contract between the weeks of 28 November and 2 January, and combined futures and options net long positions related to Brent rose by 3,108 contracts, or 1.9%, to stand at 169,843 lots in the week of 2 January, according to the ICE Exchange. During the same period, gross short positions rose by 36,820 lots, or 78.1%, to 83,957 contracts, and gross long positions increased by 39,928 lots, or 18.7%, to 253,800 contracts.

However, **NYMEX WTI** futures and options net long positions declined by 8,807 lots, or 9.0%, between the weeks of 28 November and 2 January, to stand at 89,330 contracts, according to the US Commodity Futures Trading Commission (CFTC). During the same period, gross short positions rose by 4,866 lots, or 4.2%, to 120,654 contracts, and gross long positions declined by 3,941 lots, or 1.8%, to 209,984 contracts.

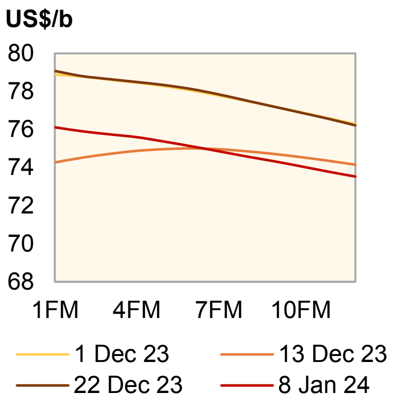
The **long-to-short ratio of speculative positions** in the NYMEX WTI contract stood at 2:1 in the week of 2 January, the same level since November. The ICE Brent long-to-short ratio fell to 3:1 in the week of 2 January, compared with 5:1 in the week of 28 November.

Total futures and options open interest volumes on the two exchanges fell between the weeks of 28 November and 2 January, decreasing by 1.2%, or 57,112 contracts, m-o-m to stand at 4.6 million contracts in the week ending 2 January. The decline in open interest was mainly in ICE Brent futures and options contracts.

The futures market structure

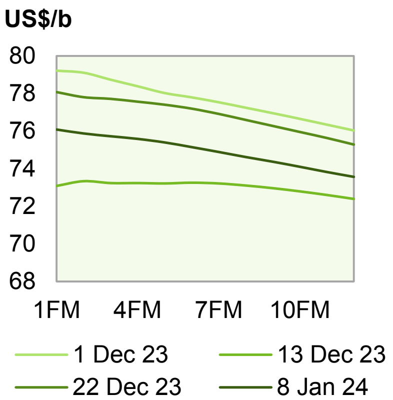
The **market structure** of all three crude benchmarks ─ ICE Brent, NYMEX WTI and DME Oman ─ weakened in December compared with the previous month, with the nearest time spreads of NYMEX WTI flipped into contango, signalling investors' perceptions of short-term supply concerns. ICE Brent and Dubai price structures also flipped briefly into contango. Selling pressure in futures prices was more pronounced in the front-month contracts, which also contributed to weakening the market structure. Furthermore, signs of a well-supplied physical crude market and the availability of unsold volumes in some loading programs in the Atlantic Basin and East Suez market pressured prompt-month contracts downward.

Graph 1 - 4: ICE Brent forward curves



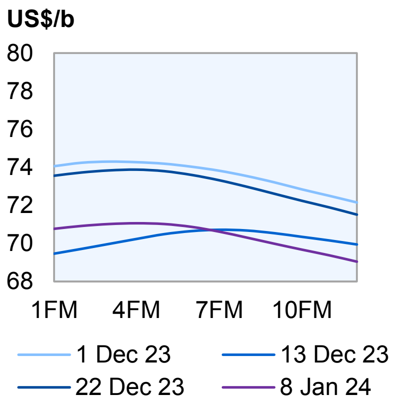
Sources: ICE and OPEC.

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 December, with the nearest time-spreads flipped into contango in the first half of the month. Selling pressures combined with supply availability in the Atlantic Basin, including from the US, and soft demand for December and January loading cycles, weighed on the value of prompt contracts. Sustained exports from the US weighed on light sweet crude in the Atlantic Basin. In the second half of the month, the ICE Brent structure flipped again to backwardation amid short covering from traders. A favourable west-to-east arbitrage alleviated pressure on Brent. On a monthly average, the ICE Brent M1-M3 spread narrowed last month by 53¢, remaining at a shallow backwardation of 2¢/b. ICE Brent's M1-M6 spread also weakened but stayed at a backwardation of 24¢/b on average in December, falling by $1.09 m-o-m from a backwardation of $1.33/b in November.

DME Oman structures also weakened last month, as the sour crude market in East Suez came under pressure from signs of softening demand from some Asia-Pacific refiners, ahead of the expected refinery maintenance, and higher availability of medium sour crude for prompt loading cargoes in the spot market. Refinery outages in some producing countries probably raised the availability of crude in the spot market. The DME Oman M1-M3 backwardation contracted m-o-m in December, narrowing by 65¢ to 7¢/b on average from a backwardation of 72¢/b in November.

In the US, the NYMEX WTI first-to-third month spread flipped into contango last month. Worries about the US economic and demand outlook, a surge in US crude production and rising petroleum stocks, including rising crude stocks at Cushing, weighed on the value of WTI's first-month contract. The NYMEX WTI M1-M3 spread slipped into a contango of 44¢/b on average in December, compared with a backwardation of 14¢/b in November, a decline of 58¢.

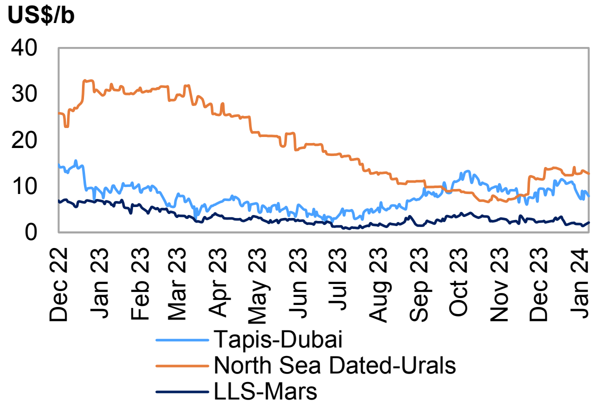
Regarding the M1/M3 structure, the North Sea Brent M1/M3 spread declined in December on a monthly average by 43¢ to a backwardation of 13¢/b, compared with a backwardation of 57¢/b in November. In the US, the WTI M1/M3 backwardation narrowed by 49¢ to a contango of 47¢/b, compared with a backwardation of 3¢/b in the previous month. The Dubai M1/M3 backwardation also fell sharply. The Dubai M1/M3 spread declined on average in December by $1.40 to a backwardation of 17¢/b.

Crude spreads

The **sweet-sour crude differentials** narrowed in the USGC and Europe in December, mainly due to the narrowing of the spread between light/medium distillate compared to heavy distillate product margins, particularly the gasoline-high-sulfur fuel oil (HSFO) and diesel-HSFO spreads. The narrowing of the sweet/sour crude differentials is also attributed to the high supply availability of light sweet crude in the Atlantic Basin, specifically from the US. However, in Asia, the sweet/sour crude differentials widened last month on a weaker medium sour crude market compared to the sweet crude market. Softer demand from Asia Pacific refiners and the high supply availability of sour crude in the East of Suez market, weighed on the value of sour crudes, thereby widening the spread between sweet and sour.

In **Europe**, the sweet-sour crude differentials narrowed as the value of Brent-related light sweet crudes in the Atlantic Basin was under pressure from the high availability of prompt loading cargoes and a sharp decline in gasoline, jet fuel and diesel margins. This resulted in a narrowing spread between the values of light sweet crude Ekofisk against Johan Sverdrup by 76¢. It stands at a $3.59/b premium on average in December, compared to $4.35/b in November. This is despite a more favourable west-to-east arbitrage. Meanwhile, the sour crude market found some support from higher heavy distillate margins. However, the North Sea Dated-Urals crude spread widened in December, as the assessment of the Urals value against North Sea Dated was seen lower last month from reporting agencies, amid higher freight rate costs to transport the Urals to Asia. The North Sea Dated-Urals crude differential widened by $4.59 m-o-m to average $13.06/b in December.

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



Sources: Argus, OPEC and Platts.

In the **USGC**, the value of light sweet crude weakened last month against the value of sour crude, due to a decline in jet fuel and diesel margins and ample availability of light sweet crude. Meanwhile, Mars sour crude remained pricing at a premium to the WTI benchmark, buoyed by sustained demand from refiners and a sharp increase in fuel oil margins. A large build in gasoline and diesel stocks in the US weighed on sweet crude values compared to sour grades. The LLS premium over medium sour Mars narrowed on average in December by 18¢ to stand at $2.37/b.

However, in **Asia**, the sweet-sour crude differential represented in the Tapis-Dubai spread widened in December on soft sour crude market fundamentals. The availability of prompt loading of sour crude cargoes and a narrow Brent-Dubai spread weighed on the value of sour crude in the East Suez market. Refinery maintenance in some Middle Eastern countries and expected maintenance in Asia-Pacific in 1Q24 weighed on the sour crude value. Meanwhile, the positive performance of naphtha and gasoline margins in Asia lent some support to light sweet crude. This is despite a narrow Brent-Dubai exchange of futures for swaps (EFS) that mirror a favourable west-to-east arbitrage for light sweet crude. The Tapis/Dubai spread widened by $1.78 in December to $10.04/b from $8.26/b in the previous month.

Commodity Markets

Commodity price indices experienced mixed movement m-o-m in December. The energy price index declined for a third consecutive month in December, while both base and precious metals advanced for a second consecutive month over the same period.

In the futures market, sentiment was mostly bearish in December. Open interest decreased, m-o-m, after three consecutive months of increases, and money managers' net length fell for a third consecutive month.

M-o-m improvements in China's industrial activity combined with a weaker US dollar lent support to commodity prices in December. Moreover, the US Fed's decision to pause interest rate hikes for a third consecutive meeting in December supported market expectations for lower interest rates and improved the demand outlook for commodities in the near term. However, softer market fundamentals remained a drag on commodity prices in December.

Trends in selected commodity markets

The **energy price index** declined for a third consecutive month in December, falling by 6.3%, m-o-m. A sharp decline in natural gas prices in Europe followed by declines in US natural gas and average crude oil prices weighed on the index. Nonetheless, a rise in coal prices partially offset losses experienced by the index. The index was down 24.0%, y-o-y.

Table 2 - 1: Commodity prices

Commodity	Unit	*Monthly averages*			*% Change*	*Annual average*	
		Oct 23	Nov 23	Dec 23	Dec 23/Nov 23	2022	2023
Energy*	Index	**115.7**	**106.2**	**99.5**	**-6.3**	**152.6**	**106.9**
Coal, Australia	US$/mt	142.1	126.8	141.8	11.8	344.9	172.8
Crude oil, average	US$/b	89.1	81.4	75.7	-6.9	97.1	80.8
Natural gas, US	US$/mbtu	3.0	2.7	2.5	-6.7	6.4	2.5
Natural gas, Europe	US$/mbtu	14.6	14.5	11.5	-20.6	40.3	13.1
Non-energy*	Index	**107.8**	**109.0**	**107.2**	**-1.6**	**124.4**	**110.1**
Base metal*	Index	**102.4**	**103.8**	**104.3**	**0.5**	**122.4**	**109.0**
Precious metals*	Index	**144.6**	**149.9**	**153.0**	**2.1**	**136.8**	**147.3**

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

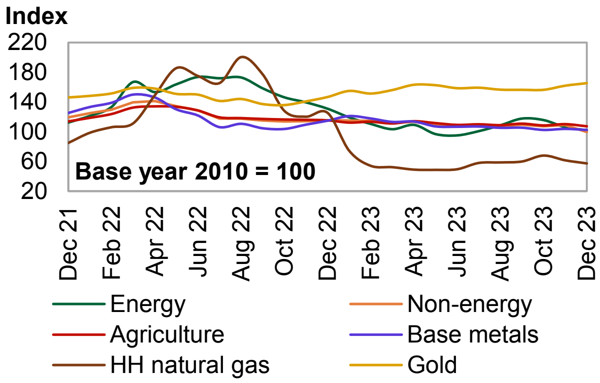
Average crude oil prices fell for a third consecutive month, declining by 6.9%, m-o-m, in December. Mixed signals from market fundamentals weighed on prices, which were down 3.0%, y-o-y.

Henry Hub's natural gas prices declined for a second consecutive month, falling by 6.7%, m-o-m, in December. Strong production combined with softer weather-driven demand put downward pressure on prices. Moreover, US LNG exports remained slightly soft amid lower gas prices in other regions. Prices were down 54.1%, y-o-y. It is worth highlighting that the monthly price average was below $3.0/mmbtu throughout 2023 (except January) amid the US Energy Information Administration's consistent reports of robust underground storage levels during 2023.

Natural gas prices in Europe experienced a consecutive monthly decline. The average Title Transfer Facility (TTF) price fell from $14.5/mmbtu in November to $11.5/mmbtu in December – a 20.6% decline, m-o-m. Lower volatility from the geopolitical risk premium combined with softer demand and ample storage levels remained a drag on prices. As of December 31, EU gas storage were 86.4% full according to data from Gas Infrastructure Europe. Prices were down by 68.1%, y-o-y.

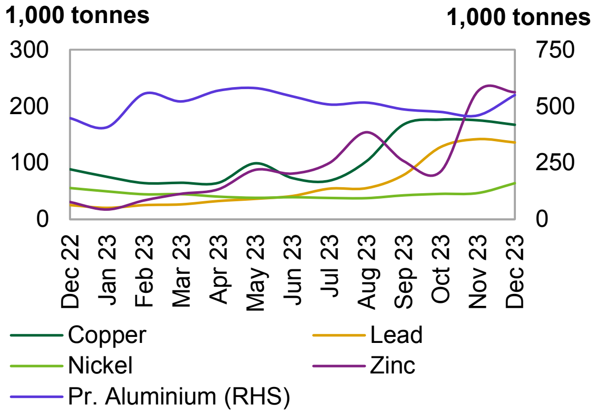
Australian thermal coal prices recovered from the previous months' decline, increasing by 11.8%, m-o-m, in December. Prices fell earlier in the month following China's reinstatement of coal import levies. Nonetheless, prices quickly rallied on the back of increased imports from other Asian countries – particularly South Korea and Japan – which helped offset losses from the decline in China imports. Prices were down 62.6%, y-o-y.

Graph 2 - 1: Major commodity price indices



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

Graph 2 - 2: Inventories at the LME



Sources: LME, Thomson Reuters and OPEC.

The **non-energy price index** receded by 1.6%, m-o-m, in December, erasing almost all gains from the previous month. The decline was driven mainly by a lower agriculture index (down by 1.1%, m-o-m), but was partially offset by an increase in the base metal index. The index was down 7.2%, y-o-y.

The **base metal index** advanced for a second consecutive month in December, increasing by 0.5%, m-o-m. There was mixed movement within the index components. On the one hand, some base metal prices received support from improvements in China's industrial activity. China's manufacturing purchasing manager's index (PMI) improved slightly from 50.7 in November to 50.8 in December. On the other hand, industrial activity remained weak outside of China, weighing on the demand for base metals. The global PMI stood at 49.3 in December, below expansion territory. The index was down by 5.2%, y-o-y.

Aluminium prices receded in December after three consecutive months of increases, falling by 0.9%, m-o-m. The London Metal Exchange (LME) warehouses reported a 19.5% m-o-m increase in inventories. Moreover, LME cancelled warrants fell by 12.1%, m-o-m, over the same period. Prices were down 9.1%, y-o-y.

Average monthly copper prices rose for a second consecutive month, increasing by 2.6%, m-o-m, in December. LME inventories experienced a consecutive monthly decline, falling by 4.7%, m-o-m, over the same period. At the same time, cancelled warrants rose over 100%, m-o-m. Prices were up 0.3%, y-o-y.

Lead prices receded by 7.4%, m-o-m, in December. Industry reports of softer electrical vehicle sales in December weighed on prices. Prices were down 8.6%, y-o-y.

Nickel prices continued their downward trajectory, falling for the eighth consecutive month in December. Prices fell by 3.3%, m-o-m, as LME reported a 38.2% m-o-m increase in inventories. At the same time, LME cancelled warrants rose by 54.7%, which partially offset bearish signals from inventory build-ups. Prices were down 43.1%, y-o-y.

Zinc prices declined by 1.6%, m-o-m, in December. Prices fell amid an increase in LME on-warrants (up by 54.6%, m-o-m) over the same period. Prices were up 20.0%, y-o-y.

Iron ore prices advanced for a second consecutive month in December, increasing by 4.6%, m-o-m. Prices continued to advance supported by expectations of China's government stimulus and inventory replenishments ahead of the seasonal demand increase. Prices were up 22.5%, y-o-y.

The **precious metals index** rose for a second consecutive month in December, increasing by 2.1%, m-o-m. All of the index components advanced, led by **platinum** which rose by 3.3%, m-o-m in December, and followed by **gold** and **silver** which rose by 2.1% and 1.7%, respectively, m-o-m, over the same period. Precious metal prices continued to be supported by the decline in the US dollar and their safe-haven appeal amid geopolitical developments. The index was up 10.8%, y-o-y. **Gold** and **silver** prices were also up 12.7% and 2.4%, respectively, y-o-y, while **platinum** prices were down 7.5% over the same period.

Investment flows into commodities

Total money managers' net length fell for a third consecutive month in December, decreasing sharply by 20.3%, m-o-m. The decline in net long positions was driven by natural gas, followed by crude oil, but was partially offset by an increase in gold and copper.

Total open interest (OI) decreased in December after three consecutive months of increases, falling by 1.4%, m-o-m. Copper led to the decrease in open interest, followed by gold and crude oil, but was partially offset by an increase in natural gas.

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

Selected commodity	*Open interest*		*Long*		*Short*		*Net length*			
	Nov 23	Dec 23	Nov 23	Dec 23	Nov 23	Dec 23	Nov 23	% OI	Dec 23	% OI
Crude oil	2,173	2,088	220	208	104	109	116	5	99	5
Natural gas	1,308	1,389	207	215	286	333	-78	-6	-117	-8
Gold	731	687	172	175	57	47	114	16	128	19
Copper	213	199	52	57	52	45	0	0	11	6

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

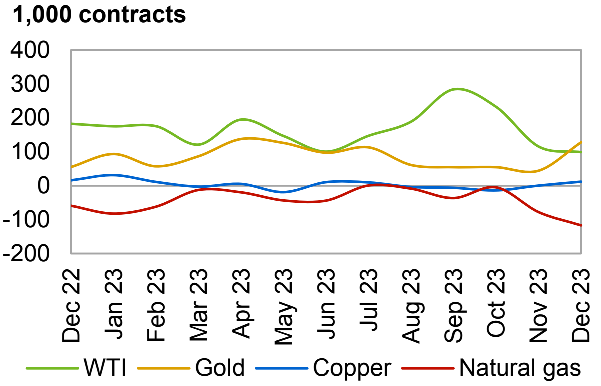
Total crude oil (WTI)'s OI decreased for a third consecutive month in December, falling by 3.9%, m-o-m. Money managers' net length also fell for a third consecutive month, decreasing by 14.5%, m-o-m. Money managers' sentiment remained bearish.

Total Henry Hub natural gas OI rose for a third consecutive month in December, increasing by 6.2%, m-o-m. Meanwhile, money managers continued to cut long positions (down by 50.0%, m-o-m) over the same period. Money managers continued to increase short positions amid softer market fundamentals.

Gold's OI decreased by 6.0%, m-o-m, in December. At the same time, money managers increased net length by 11.8%, m-o-m. Safe-haven status and a weaker US dollar continued to drive fund flows into gold.

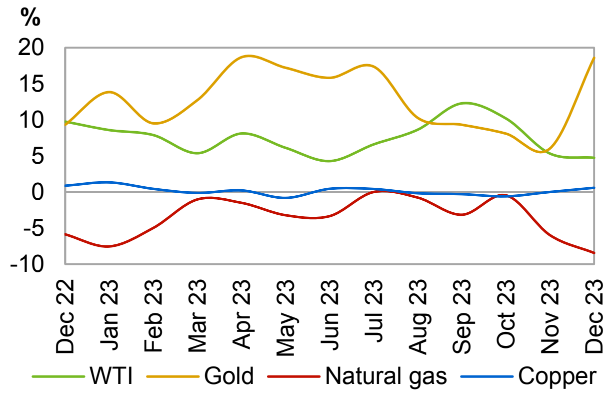
Copper's OI experienced a consecutive monthly decrease in December, falling by 6.5%, m-o-m. However, money managers increased net length sharply over the same period. Money managers are bullish on copper amid US government monetary and fiscal stimulus to the infrastructure sector.

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

Global economic growth forecast for 2024 remains at 2.6%, unchanged from the previous month's assessment. The economic growth in 2025 is expected to pick up slightly, reaching 2.8%. This positive trajectory is in line with the expectation that general inflation will continue to diminish throughout 2024 and into 2025, particularly in major economies. A shift towards increasingly accommodative monetary policies is anticipated for 2H24 and throughout 2025, with key policy rates expected to peak in 1H24. Additionally, political and geopolitical developments are not expected to materially alter the momentum of growth.

While growth exceeded expectations through 3Q23 in most major economies, a slowdown was expected towards the end of the last year, slightly persisting into 1H24, before renewed acceleration is expected to materialize in 2H24, and leading to an ongoing improvement in dynamics throughout 2025. This is generally expected to be supported by monetary easing, driven by a sustained decline in inflation and the subsequent stabilization of global consumer trends. The scope for additional fiscal stimulus measures, beyond those already implemented, is anticipated to be limited. Nevertheless, governments are poised to counterbalance significant negative trends in economic activity, with China and India likely to implement more impactful government-led support measures. However, it is crucial to closely monitor the outcomes of elections in several key economies, such as the US and India, as they have the potential to influence fiscal policies and, consequently, impact growth dynamics.

Following a decline in global trade in 2023, there is an expectation that the momentum will experience an improvement in 2024 and 2025. However, the ongoing gradual fragmentation of international trade relations raises uncertainties regarding the future development of this crucial aspect of the global economy. It remains to be seen how current geopolitical events and global challenges associated with trade, including tariffs and recent difficulties in international shipping, will impact the near-term outlook.

Near-term support for global economic growth could stem from a less pronounced inflationary environment, allowing major central banks to contemplate relatively more accommodative monetary policies. Moreover, within the non-OECD group of countries Brazil and Russia may surpass expectations with further improvements in domestic demand and external trade. Additionally, the possibility of a more robust growth trajectory in Asian economies, particularly in China and India, supported by supplementary government-led stimulus measures, has the potential to exceed the currently anticipated contribution to global economic growth in both 2024 and 2025. Furthermore, sustained momentum in the US throughout 2024 and 2025 could result in economic growth surpassing current expectations.

Table 3 - 1: Economic growth rate and revision, 2023–2025*, %

	World	OECD	US	Eurozone	UK	Japan	China	India	Brazil	Russia
2023	**3.0**	**1.6**	**2.4**	**0.5**	**0.4**	**1.9**	**5.2**	**6.8**	**2.9**	**2.8**
Change from previous month	0.1	0.1	0.0	0.3	0.0	0.2	0.0	0.3	0.4	0.6
2024	**2.6**	**0.9**	**1.0**	**0.5**	**0.6**	**0.9**	**4.8**	**5.9**	**1.4**	**1.4**
Change from previous month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1
2025	**2.8**	**1.4**	**1.5**	**1.2**	**1.0**	**1.0**	**4.6**	**6.1**	**1.9**	**1.2**

*Note: * 2023 = Estimate and 2024-2025 = Forecast. The GDP numbers have been adjusted to reflect 2017 ppp.*

Source: OPEC.

Update on the latest global developments

The **latest economic growth reports** from major economies confirmed the continuation of a globally robust growth trend. The US economy exhibited strong growth up to 3Q23, maintaining steady momentum in 4Q23. In the Eurozone, growth slightly surpassed initial expectations in 1H23, followed by a less accentuated decline in 3Q23. European economies, notably Germany, encountered challenges, marked by stagnant growth in 1Q23, modest growth in 2Q23, and a decline in 3Q23. Challenges in the industrial sector, affecting not only Germany but also France and Italy, contributed to subdued growth in 1H23 and the Eurozone's contraction in 3Q23. Japan's economic growth in 1H23 surprised to the upside and, with the latest announcement of fiscal stimulus measures, the economy is expected to receive tangible support in the near term.

However, GDP declined in 3Q23. China's economic growth in 3Q23 and sustained momentum in 4Q23 indicate that targeted growth of 5% for 2023 is likely to be achieved. Positive growth trends observed in 1H23 have persisted in India, Brazil and Russia, with robust output numbers up to 3Q23 and ongoing steady momentum in 4Q23.

Estimated global growth rates for 1Q23 stood at 2.7% y-o-y and experienced a notable increase to 3.5% y-o-y in 2Q23. Global economic growth for 3Q23 is estimated at 3.1% y-o-y, surpassing the previous month's estimate of 3% y-o-y, supported by strong economic growth figures in major economies during this period. Despite the ongoing robust momentum in global growth, the current forecast for 4Q23 suggests a slight moderation, to a growth rate of 2.6% y-o-y, compared with the previous month's estimate of 2.5% y-o-y.

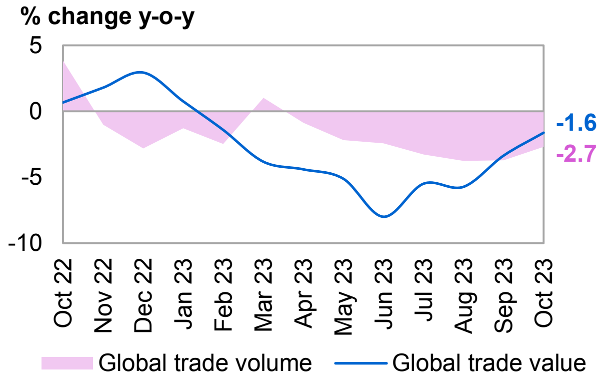
The decline in **core inflation**, an important guide for central bank policies, continued across most major economies. However, core inflation rates remain relatively high in the G4 central bank economies (the US, the Eurozone, Japan and the UK), the decision-making of which is under close scrutiny. The latest available data from December shows core inflation standing at 3.9% y-o-y in both the US and the Eurozone. In the UK, the November rate was 5.2%. Japan reported a more moderate, but still relatively high, rate for Japan, standing at 2.8% for November. Despite a discernible softening trend in the general price trajectory, inflation remains a concern in the G4 monetary policy landscape. Consequently, these key central banks have chosen to persist with stringent monetary policies for the time being.

In terms of **global trade**, there has been a gradual improvement in both volume and value within a negative yearly trend up to October. Various factors, including trade disputes, persistent supply-chain bottlenecks, geopolitical issues and the partial consequences of recent challenges in global shipping, have collectively contributed to a dampening effect on international goods exchange.

Trade in value terms declined by 1.6% y-o-y, in October, compared with a decline of 3.4% y-o-y in September and following a decline of 5.7% y-o-y in August, based on the CPB World Trade Monitor Index, provided by the CPB Netherlands Bureau for Economic Policy Analysis.

Trade in volume terms experienced a y-o-y decline of 2.7% in October, following a decrease of 3.7% y-o-y in both September and August.

Graph 3 - 1: Global trade



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

Near-term global expectations

Global economic growth surpassed expectations up to 3Q23, and although it is estimated to have gradually moderated in 4Q23, with a consequent carry-over into 2024, it is anticipated to remain steady. A dampening effect is expected from the tight monetary policies implemented by G4 central banks, which is projected to gradually impact economic growth, particularly in major advanced economies, in 4Q23 and 1H24. While the industrial sector's dynamic was subdued throughout 2023, its impact on the global economy is expected to gradually improve in relative terms in the coming months. However, this positive trend has yet to fully materialize, given the ongoing challenges faced by the industrial sector in advanced economies and the dampening effects of global goods trading.

Looking ahead, the inflation trajectory, particularly in key economies, and the corresponding monetary policies adopted by major central banks, will play an important role. Although the prevailing consensus suggests that G4 central banks might lean towards a more accommodative monetary policy by 2H24, uncertainties persist regarding the near-term path, notably concerning the sustainability of core inflation. Additionally, there are indications that the Bank of Japan (BoJ) may contemplate tightening its monetary policies in the coming months to address the upward trend in inflation, which could potentially have implications for global currency and money markets. However, close monitoring is essential, considering the latest soft spots in Japan’s economy, coupled with the consequences of the most recent earthquake, which may influence these considerations.

The current market consensus indicates that elevated interest rates and their associated dampening effect are anticipated to persist throughout much of 2024, with key policy rates expected to reach their peak in 1H24, followed by a subsequent shift towards more accommodative monetary policies. In this scenario, it is projected that headline inflation will continue to decrease further in 2024 and 2025. However, core inflation in major economies is expected to exhibit relative persistence, with some moderation projected for 2024 and more pronounced moderation anticipated in 2025.

The expectation is that fiscal stimulus beyond existing programmes will be limited. However, governments, particularly in China and India, may persist in implementing impactful support measures. The outcomes of the 2024 elections in key economies, such as the US and India, have the potential to influence fiscal policies and shape growth dynamics as well. Additionally, it is anticipated that global trade, following a decline in 2023, will show improvement in 2024 and 2025. Nevertheless, uncertainties loom over international trade relations due to gradual fragmentation. Geopolitical events, challenges in shipping, and tariffs may introduce uncertainties into the near-term trade outlook too.

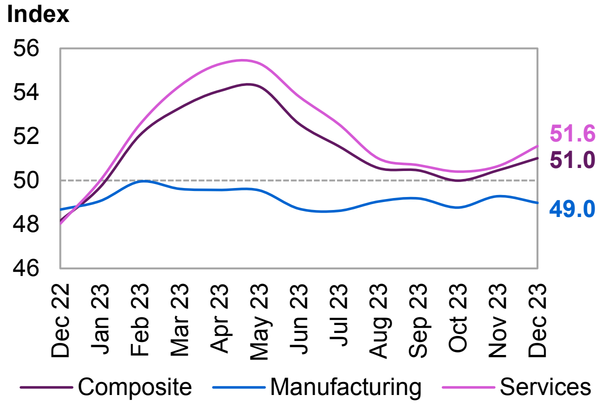
There is a potential for upside for economic growth in both 2024 and 2025, potentially supported by a less pronounced inflationary environment and potential adjustments in central bank policies. Also, the impact of tight monetary policies may be milder on economic growth in 2024 and 1H25 than currently anticipated. Additionally, emerging economies, including India, Brazil and Russia, may surpass expectations and exhibit improved domestic demand and trade. China's growth, potentially backed by additional stimulus, could contribute more to global economic growth in 2024 and 2025, and sustained momentum in the US may exceed current growth expectations too.

From a quarterly perspective, moderation in growth in 4Q23 is expected to extend into the beginning of 2024. Growth in 1H24 is projected to exhibit average quarterly rates of 2.4% y-o-y, followed by an increase to 2.8% y-o-y in 2H24. Quarterly growth rates in 2025 are forecast to be more evenly distributed, averaging around 2.8%.

Global purchasing managers' indices (PMIs) in December indicate persistent weakness in the global industrial sector, especially in advanced economies. Meanwhile, the services sector in emerging economies has shown a significant improvement, while a relatively more muted trend in advanced economies has constrained overall global momentum.

The global **manufacturing PMI** experienced a slight contraction, influenced by weakness in the industrial sector of advanced economies. It stood at 49 in December, down from 49.3 in November and 48.8 in October. Conversely, the global services sector PMI increased to 51.6 in December, compared with 50.6 in November. This improvement is indicative of favourable conditions in non-OECD economies.

Graph 3 - 2: Global PMI



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

Given the resilient global economic growth trend observed through 3Q23 and taking into account recently released economic growth figures from various economies, the **2023 global economic growth** forecast has been revised slightly upward to stand at 3%.

The global economic growth forecast for **2024** remains unchanged at 2.6%, consistent with the previous month's estimate. A potential upside, especially in 1H24, may marginally lift the growth forecast in the near term if realized.

Table 3 - 2: World economic growth rate and revision, 2023–2025*, %

	World
2023	**3.0**
Change from previous month	0.1
2024	**2.6**
Change from previous month	0.0
2025	**2.8**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

Looking ahead to **2025**, economic growth is expected to accelerate, supported by anticipated momentum, and 2H24 growth is forecast to reach 2.8%. Thus, the initial annual global economic growth forecast for 2025 stands at 2.8%.

OECD

OECD Americas

US

Update on the latest developments

The Bureau of Economic Analysis (BEA) released the third and final economic growth figure, confirming sustained and stronger-than-expected momentum in the **US economy** during 3Q23. The reported 3Q23 GDP growth stood at 4.9% quarter-on-quarter (q-o-q) at a seasonally adjusted annual rate (SAAR). This figure was slightly below the BEA's second estimate of 5.2% q-o-q SAAR growth and aligned with the Bureau's initial q-o-q SAAR GPD growth estimate of 4.9%. Private household consumption was reported at 3.1%, q-o-q, SAAR, below the second estimate's 3.6% and the 4% reported in the BEA's first estimate. In comparison, 3Q23 consumption growth marked a substantial increase from the 0.8% q-o-q SAAR observed in 2Q23. Investments, indicated by growth in gross capital formation, experienced a significant expansion of 10.2% q-o-q SAAR, offering substantial and likely temporary support to 3Q23 growth. Notably, within the investment category, the rise in inventories made a substantial contribution, suggesting a potential decline in investment growth in the coming quarters.

Given the inventories accumulated in 3Q23, coupled with elevated interest rates and ongoing core inflation, there is an anticipation of a modest deceleration in 4Q23. The GDP estimate from the Atlanta branch of the US Federal Reserve, a widely watched indicator, currently projects a 4Q23 GDP growth of 2.2% q-o-q SAAR. This estimate, coupled with other output indicators, such as a slowdown in industrial output, suggests a likely easing of growth towards the end of 2023 and at the beginning of 2024. Industrial output declined by 0.4% y-o-y in November, following a decline of 1% y-o-y in October and a 0.2% decline in September. On a positive note, signalling some improvement in the industrial sector, manufacturing orders increased by 3.3% y-o-y in November, rebounding from a 1.5% y-o-y decline in October, and showing a rise of 2.1% y-o-y in September.

Despite persisting domestic political challenges in the US, a bipartisan agreement in Congress addressing budgetary issues has been reached, averting a government shutdown in 1H24. In the meantime, the **consumer confidence index,** as reported by the Conference Board, showed improvement, reaching 110.7 in December. This marks a considerable increase from 101 in November and compares favourably to the reading of 99.1 recorded in October.

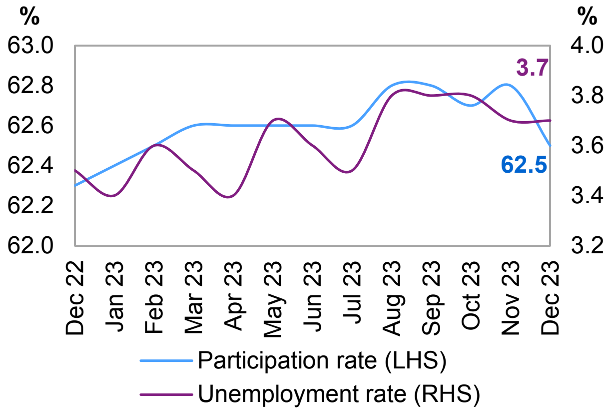
Headline **inflation** rose slightly again to stand at 3.3% y-o-y in December, compared with 3.1% y-o-y in November and 3.2% in October. Meanwhile, core inflation decelerated to 3.9% y-o-y in December, following 4% in both November and October. While core inflation persists as a notable phenomenon in the US, akin to other advanced economies, this figure represents the lowest core inflation level in more than two years. It is equally important to monitor the performance of the Fed's preferred inflation indicator, the core personal consumption expenditures (PCE), for December. The last available data point in November indicated a y-o-y rate of 3.2%, following 3.4% in October and 3.6% in September.

The labour market remained relatively healthy in December, with the **unemployment rate** holding steady at 3.7%.

However, the **participation rate** fell slightly, standing at 62.5%, compared to 62.8% in November and 62.7% in October.

Earnings also remained sound, as **hourly earnings growth** reached 4.1% y-o-y, maintaining a growth rate of at least 4% for the past 6 months.

Graph 3 - 3: US monthly labour market



Sources: Bureau of Labor Statistics and Haver Analytics.

Near-term expectations

After robust **growth until 3Q23**, the forecast for the US economy suggests a continued, though somewhat moderated, growth dynamic in 4Q23. Projections for 2024 anticipate a steady but lower economic growth trajectory, with the extent of the potential slowdown yet to be determined, given the ongoing positive dynamics towards the end of 2024. An important indicator of the anticipated moderation in 4Q23 economic growth is the strong yet unsustainable growth in investment in the first three quarters of 2023, particularly the notable contribution from the rise in inventories during 3Q23. This is expected to taper off and contribute to lower 4Q23 growth, as private household consumer spending – accounting for the largest share of US GDP – is estimated to have increased by just over 2% q-o-q SAAR in 4Q23, in contrast to the 3.6% q-o-q SAAR recorded in 3Q23.

In a positive development for also the 2024 growth momentum, certain significant challenges have been resolved, preventing potential near-term disruptions to the economic dynamic. A potential UAW strike has been averted, and the potential political gridlock concerning the US budget, which could have led to a government shutdown in 1Q24, has also been avoided through a bipartisan agreement in Congress.

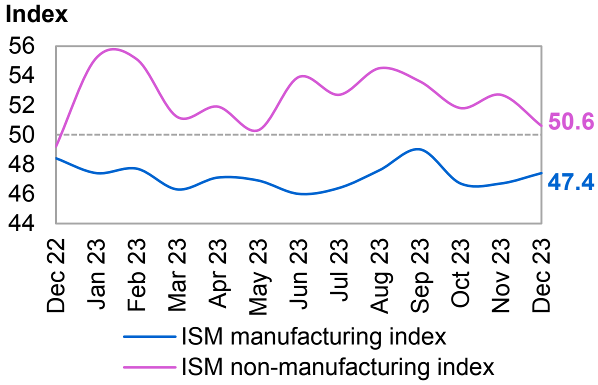
However, the sustained impact of rising bond yields in recent months, a result of tightening financial conditions, and the ending of social welfare measures originating from pandemic relief programs, including the expiration of the student loan moratorium in September, are potential factors that may curtail the spending capacity of US households going forward. Additionally, increasing interest rates could have implications for corporate borrowing costs and potentially aggravate the financial strain on households repaying consumer loans, such as car loans and mortgages. Following a forecasted slowdown in growth in 1H24 due to these factors, momentum is expected to pick up in 2H24. Among other factors, this recovery is expected to be supported by an accommodative monetary policy from the Fed. **Key policy rates** are expected to peak at 5.5% in 1H24, with an expectation that the Fed will transition to a more accommodative policy stance by 2H24. This transition is contingent upon the assumption that, following an inflation rate of around 4.1% for 2023, price growth will wane to approximately 3% in 2024 and around 2% in 2025. While no major fiscal stimulus is anticipated for 2024 and 2025, the outcome of the elections in 4Q24 could potentially reshape US fiscal policies and, consequently, impact growth dynamics.

December **PMI** levels, as reported by the Institute for Supply Management (ISM), highlighted persistent challenges in both the manufacturing and the services sectors.

The December **manufacturing PMI** improved to a level of 47.4, following an index level of 46.7 in November and October, but remaining below the growth-indicating level of 50.

The index level for the **services sector**, representing around 70% of the US economy, retracted considerably by 2.1 points in December to stand at 50.6. This decline follows readings of 52.7 in November and 51.8 in October.

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



Sources: Institute for Supply Management and Haver Analytics.

The **2023 US economic growth forecast** remains unchanged at 2.4%, considering robust momentum in 1H23 and substantial growth in 3Q23, with an expectation of some moderation in 4Q23.

The US economic growth estimate for **2024** anticipates a continuation of moderated growth in 1H24, followed by a pick-up in 2H24. Hence, annual growth for 2024 is forecast at 1%. However, considering the better-than-expected positive momentum from 2023 extending into 2024, there is a possibility of stronger growth than currently projected.

Table 3 - 3: US economic growth rate and revision, 2023–2025*, %

	US
2023	**2.4**
Change from previous month	0.0
2024	**1.0**
Change from previous month	0.0
2025	**1.5**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

The expected pick-up in 2H24 momentum is forecast to carry over into 2025, with the initial economic growth forecast for **2025** standing at 1.5%.

OECD Europe

Eurozone

Update on the latest developments

The **Eurozone** continues to face challenging economic conditions. The reported decline in 3Q23 was -0.4% q-o-q SAAR, following growth rates of 0.4% q-o-q SAAR in 1Q23 and 0.6% q-o-q SAAR in 2Q23. This downturn in 3Q23 is a result of a general weakness in the industrial sector of the Eurozone economy and was further subdued by a significant slowdown in private household consumption, influenced by a decline in real income throughout 2023. Given the sluggish state of the economy, headline inflation has experienced a notable decrease in recent months, driven in part by lower energy prices in 2023. Notably, the price decline of consumer-bound services has contributed to a drop in core inflation as well.

Industrial production (IP) witnessed a substantial 5.7% y-o-y decline in October, following a 6.3% y-o-y decrease in September. This decline was significantly influenced by the 3.6% y-o-y October decrease in industrial output in Germany, the largest economy in the Eurozone. The latest available German IP growth data indicates a persistently challenging situation in the Eurozone towards the end of the year, with IP in November declining by 4.9% y-o-y.

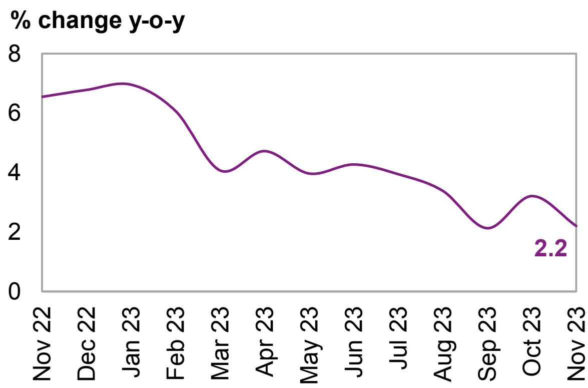
Despite these challenges, there are selective positive signals such as an uptick in bank lending activity and a gradual improvement in consumer confidence. As a result, economic momentum in 4Q23 is estimated to have stabilized at a modest level.

Following a notable deceleration in November, **inflation** rebounded, albeit only slightly, in December, rising to 2.9% y-o-y, compared to 2.4% y-o-y in November. Core inflation, having retracted, maintained an elevated level to stand at 3.9% y-o-y in December. This follows y-o-y increases of 4.2% and 4.9% in November and October, respectively.

The **labour market** remained relatively tight despite weakness in the economy. According to the latest numbers from Eurostat, the unemployment rate improved, standing at 6.4% in November, compared to 6.5% in October.

Retail sales expanded in value terms by 2.2% y-o-y in November, following a 3.2% y-o-y rise in October.

Graph 3 - 5: Eurozone retail sales



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

Near-term expectations

The Eurozone's **economic growth** is expected to persist at a low level in the near term, given that most leading indicators point to ongoing sluggish performance. The impact of declining real income on spending ability is expected to be gradually overcome in 2024, leading to a slow recovery in 2H24. Ongoing headwinds are likely to dampen growth in 1H24. The forecast is underpinned by expectations of a stabilization in bank lending, as seen towards the end of 2023, and a rebound in industrial activity in 1H24 and beyond. Similarly, a slowdown in the services sector is expected to stabilize during this period.

Given the sluggishness in private household consumer spending and the yearly commodity price trends, **inflation** has continued to slow down towards the end of 2023. While headline inflation ticked up slightly again in December to stand at 2.9% y-o-y after recording only 2.4% in November, 4Q23 inflation stood at 2.7% y-o-y marking a sharp decline from the 8% seen in 1Q23. Core inflation, although more persistent, also displayed a clear retraction, standing at 4.3% y-o-y in 4Q24, compared to 7.4% y-o-y in 1Q23. The near-term inflation expectation is a continuation of this trend, with a normalization slightly above pre-pandemic levels. After core annual inflation averaged a significant 6.1% in 2023, it is forecast to retract further from the 2H23 trend when it stood at 5.2%, y-o-y. The forecast for core inflation levels in 2024, defined as headline inflation excluding energy and unprocessed food, is set at 3%, and around 2% in 2025. This could potentially provide the European Central Bank (ECB) with room for a relatively more accommodative monetary policy in 2H24. With these assumptions, the ECB is forecast to continue its tight monetary policy in 1H24, maintaining the main key policy rate at least at the current 4.5%, and to transition towards a more accommodative monetary policy by 2H24.

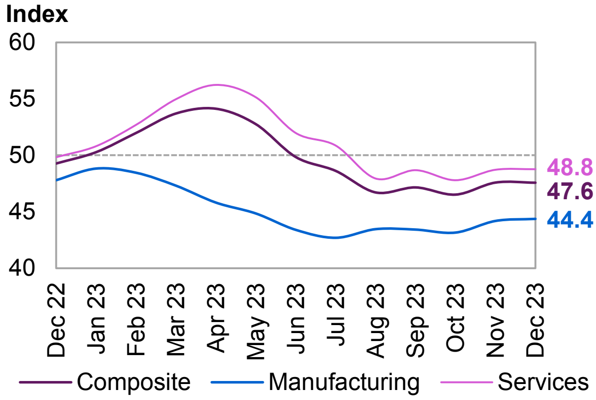
Quarterly growth in 2024 is projected to stay within a relatively tight range, achieving 0.8% annualized quarterly averages in 1H24 and accelerating to 1% annualized quarterly average growth rates in 2H24. The forecast for 2024 anticipates gradual progress in the industrial sector, fuelled by both domestic and external demand, especially in 2H24. Additionally, the gradual improvements in real income are expected to bolster consumer spending in 2H24. This, combined with the potential for a more accommodative monetary policy by the ECB, is anticipated to support the expected acceleration in 2H24 and carry the momentum into 2025. In 2025, annual economic growth is forecast to double from the low levels observed in 2023 and 2024.

Despite very small improvements, the **Eurozone's December PMIs** indicated ongoing sluggishness in both the manufacturing and services sectors. Both sectorial indices remained in contractionary territory.

The **PMI for services**, representing the largest sector in the Eurozone, continued to stay below the growth indicating level of 50, registering 48.8 in December. This marks a slight uptick from 48.7 in November and 47.8 in October.

The **manufacturing PMI** showed a marginal improvement in December, although it remained significantly below the growth threshold, standing at 44.4. This follows 44.2 in November and 43.1 in October.

Graph 3 - 6: Eurozone PMIs



Sources: S&P Global and Haver Analytics.

After slightly better-than-expected growth up to 3Q23, **economic growth for 2023** has been revised upward to stand at 0.5%. Various factors contributed to a 3Q23 decline, including inflation and ongoing monetary tightening, but the projection also factors in a potential rebound in 4Q23.

With some carry-over of this 2H23 activity, **2024 economic growth** is forecast to remain steady at the 2023 growth level, and also standing at 0.5%. Potential improvements may materialize, contingent on factors such as monetary policies, inflation, and real-income developments.

Table 3 - 4: Eurozone economic growth rate and revision, 2023–2025*, %

	Eurozone
2023	**0.5**
Change from previous month	0.3
2024	**0.5**
Change from previous month	0.0
2025	**1.2**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

Potential improvements in 2H24 are then expected to carry over into **2025** when the Eurozone's economic growth is forecast to gain traction and stand at 1.2%.

OECD Asia Pacific

Japan

Update on latest developments

The **strength of Japan's economic growth** exhibited in 1H23, was confirmed in the latest GDP numbers as reported by The Ministry of Economy, Trade and Industry (METI). The reported economic growth reached 5% q-o-q SAAR in 1Q23 and 3.6% q-o-q SAAR in 2Q23. However, the notable 2.9% y-o-y decline in 3Q23 indicates selective challenges. Despite the decline, the overall growth momentum was better than previously reported. Persistently high inflation, reducing real income and potentially adversely impacting household spending, has influenced both the 2Q23 and 3Q23 trajectories. Private household consumption declined by 2.5% q-o-q SAAR in 2Q23 and 0.6% q-o-q SAAR in 3Q23. On a positive note, some gradual improvement in economic growth is estimated to have materialised in 4Q23. Additionally, economic headwinds are expected to be counterbalanced by the government's fiscal stimulus measures, announced in November. The ¥37.4 trillion stimulus package, encompassing long-term projects and private sector participation, aims to address the current economic challenges.

The latest economic indicators suggest ongoing challenges in 2H23. **Industrial sector** activity contracted again in November, declining by 1.3% y-o-y SAAR. This follows a slight recovery in October when industrial output increased by 1% y-o-y, after experiencing 4% y-o-y declines in September and August. The monthly seasonally adjusted IP dynamic stood at -1.3% m-o-m in November, in contrast to 2.2% m-o-m growth in October. While inflation has remained historically high, there was a slight retraction in November, reaching a level of 2.8% y-o-y, compared with 3.3% y-o-y in October and 3% y-o-y in September. In comparison to the headline inflationary trend, core inflation – which excludes food and energy and serves as a key metric for central bank policies – remains unchanged, standing at 2.7% y-o-y in November.

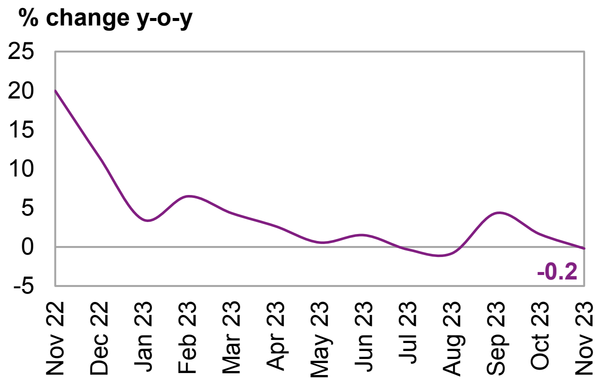
While the Bank of Japan (BoJ) has implemented adjustments to its highly accommodative monetary policies, it continues to uphold its negative key policy rate at -0.1%. Notably, the BoJ has reintroduced a more restrictive approach to yield curve control (YCC) at the end of last year. In the face of elevated and rising inflation, the specific strategy the BoJ will employ to transition away from its existing loose monetary policy framework remains uncertain. An unorganized departure from the current framework could lead to unfavourable outcomes in Japanese government bond markets. This has the potential to impact foreign treasury bonds and trigger broader repercussions for Japanese asset markets and the overall economy.

The momentum in **goods exports** eased modestly, declining by 0.2% y-o-y in November. This followed 1.6% y-o-y growth in October and 4.3% y-o-y growth in September.

Retail sales exhibited an expansion in growth, driven by steady domestic demand in November. Retail sales grew by 5.3% y-o-y in November, following growth of 4.1% y-o-y in October and 6.2% y-o-y in September. All these figures are based on non-seasonally adjusted value terms.

Consumer confidence remained sound and experienced a marginal increase, with the consumer confidence index reaching 36.7 in December. This is an improvement from the 35.5 seen in November and 35.4 in October, pointing at an ongoing steady consumption trend.

Graph 3 - 7: Japan's exports



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

Near-term expectations

Annual growth in Japan is forecast to remain steady in the coming quarters, following a moderation in 2H23 compared to the temporary very high growth rates from 1H23. **Economic growth** is estimated to have reverted to its low-growth pattern in 4Q23, with a carry-over of this dynamic into 2024. Economic growth rates will continue to normalize according to the economy's growth potential in 2024. Growth rates are projected to stand at around 1% in 1H24, with a slight pickup in activity anticipated in 2H24, aligning with global growth expectations. Forecasts for 2H24 indicate quarterly average growth rates of around 2% on a seasonally adjusted annualised quarterly basis. After the services sector's slowdown in 2H23, IP and exports are forecast to gradually pick up in 2024. With improving momentum in 2H24, a continuation of this trend is forecast in 2025. The newly announced fiscal stimulus measures are expected to lend some support to the Japanese economy and will counterbalance the slowing trend to some extent over the course of 2024 and possibly 2025.

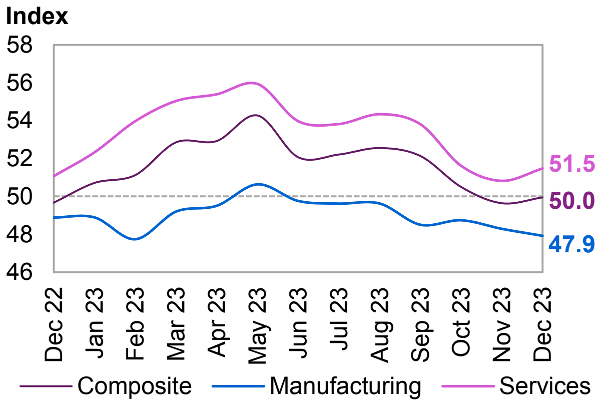
Given the continued weakness of the yen and persistent inflation, among other factors, the BoJ is anticipated to continue its path of gradual tightening. This trajectory may involve a sustained emphasis on its YCC policies. Further insights into these developments are expected to be unveiled during the BoJ's January meeting. The BoJ may adopt a more decisive stance in the near term, especially if the relative economic strength observed in 1H23, along with ongoing inflation and the recent depreciation of the yen, persists. Inflation is projected to remain relatively high, reaching around 3% by the end of the year, adding complexity to the BoJ's position, particularly in light of the recent softness in overall output. The central bank faces a challenging situation in balancing these factors and determining an appropriate course of action.

December PMI numbers indicate gradual improvements in the services sector and ongoing challenges in the manufacturing sector, which continues to experience a contractionary trend. The services sector expanded slightly and remained above the growth-indicating threshold of 50.

The **services sector PMI**, constituting around two-thirds of the Japanese economy, grew to a level of 51.5 in December, following 50.8 in November, and 51.6 in October.

However, the **manufacturing PMI** contracted to a level of 47.9 in December, after 48.3 in November and 48.7 in October.

Graph 3 - 8: Japan's PMIs



Sources: S&P Global and Haver Analytics.

After stronger-than-expected growth in 1H23 and a less accentuated decline in 3Q23, the **2023 economic growth forecast** for Japan is revised back to 1.9%. Growth is expected to improve slightly in 4Q23, underpinned by domestic demand, primarily driven by the services sector, coupled with a gradual and ongoing improvement in exports.

The projection for **2024** remains unchanged and stands at 0.9%, influenced by a carry-over of impacts from the subdued performance in 2H23. IP and exports are forecast to gradually pick up in 2024.

Table 3 - 5: Japan's economic growth rate and revision, 2023–2025*, %

	Japan
2023	**1.9**
Change from previous month	0.2
2024	**0.9**
Change from previous month	0.0
2025	**1.0**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

The improving momentum, particularly in 2H24, is forecast to continue into 2025. While the BoJ is forecast to gradually tighten its monetary policies in 2024 and possibly 2025, economic growth in **2025** is forecast to pick up slightly and reach a level of 1%.

Non-OECD

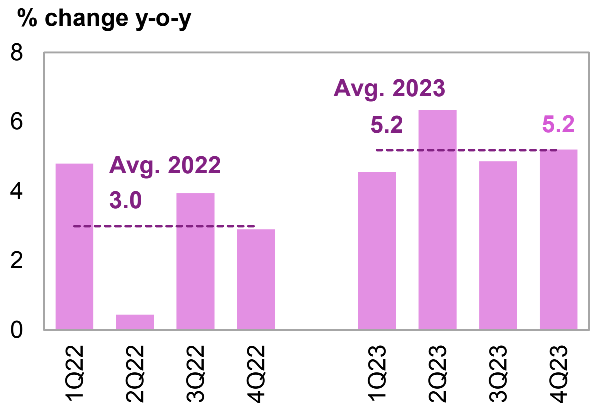
China

Update on the latest developments

China's government support measures, combined with a gradually improving situation in exports and domestic demand, have contributed to **steady growth in 4Q23**, reported at 5.2% y-o-y. Hence, this steady momentum towards the end of the year has supported achieving the economy's 2023 growth target, which was set at around 5%. Annual growth stood at 5.2%, in line with the Secretariat's previous projection.

This 4Q23 economic growth acceleration follows a 3Q23 economic growth level of 4.9% y-o-y, while y-o-y growth in 2Q23 and 1Q23 stood at 6.3% and 4.5%, respectively. Despite ongoing challenges, the government has introduced a series of counterbalancing and supportive measures to stimulate growth in 2H23 and beyond. Improvements in the economy in 4Q23, attributed to stimulus measures, became evident, particularly in the gradual progress observed in industrial output. Pent-up demand in the services sector, particularly the contact-intensive sector, including leisure, tourism and transportation, has been a significant driver of the 2023 dynamic. However, challenges persist in the property sector.

Graph 3 - 9: China's economic growth



Sources: National Bureau of Statistics and Haver Analytics.

Retail trade growth recovered further, reaching 7.4% y-o-y in December, after a rise of 10.1% y-o-y in November and following 7.6% y-o-y in October.

In a similarly positive trend, **Industrial Production (IP)** rose by 6.8% in December, following 6.6% y-o-y in November and 4.6% y-o-y in October. Recent developments in external trade suggest a similarly steady improvement.

Export volumes showed continued recovery in November, rising by 12% y-o-y compared with an increase of 7.4% y-o-y in October and 7.9% in September. This marks a rebound after a period of declining exports from May to July, according to data reported by China's General Administration of Customs.

Consumer price trends have remained deflationary in recent months, persisting in December. The headline **inflation rate** retreated again, remaining in deflationary territory, with a decline of 0.3% y-o-y in December, following a decline of 0.4% y-o-y in November and -0.1% y-o-y in October. The closely monitored inflation rate for urban areas mirrored the national CPI pattern, falling by 0.3% y-o-y in December, after declining by 0.4% y-o-y in November and 0.1% y-o-y in October.

Near-term expectations

Supported by an accelerating **economic growth** of 5.2% y-o-y in 4Q23, China's steady economic growth momentum is expected to continue in 2024, albeit with a potential moderate slowdown. Sector-wise, recent dynamics in industrial production suggest ongoing improvements in the manufacturing sector in 2024. However, the services sector is expected to experience a gradual slowdown in 2024, all while continuing to provide overall support to the economy. Challenges persist in the housing sector, which has witnessed continued contraction and declining prices. In line with improvements in the industrial sector, exports are expected to maintain their steady momentum from 4Q23, contributing to economic growth throughout 2024.

Looking ahead to 2024, quarterly growth is expected to be distributed relatively evenly throughout the year, with a relative acceleration around mid-year before a gradual slowdown towards the end of the year. Hence, annual growth is anticipated to slightly decelerate in China this year. Recent stimulus measures underscore the government's commitment to achieving its growth target of around 5%, not only for last year but also to counterbalance dampening effects from areas of economic weakness, particularly the real estate sector. Further **monetary policy** and financial-sector-related support measures are possible in the near term, including a potential round of key policy rate cuts, if necessary. This may not only include lowering the main policy rate and the one-year loan prime rate but may also include a rate cut in the reserve ratio requirement (RRR) if needed. The RRR for financial institutions stood at around 7.4% at the beginning of January with consequently some room to lower it in the near term. Maintaining accommodative liquidity conditions will be an important support factor in providing the economy, especially property developers, with enough flexibility.

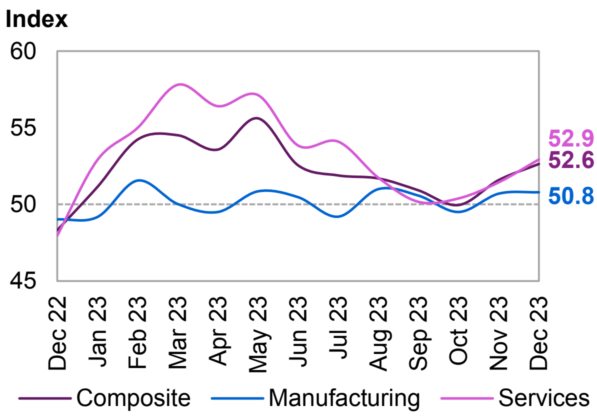
Inflation is forecast to sustain low growth dynamics in 2024, with expectations of a gradual increase in the same year. After headline CPI declined by 0.3% y-o-y in 4Q24, it is forecast to grow mildly in 1Q24, maintaining an average annual increase of below 2% in 2024. This projection is expected to provide the government with additional flexibility to implement economic support measures through both monetary and fiscal channels.

December PMI readings from S&P Global indicate that activity in the services sector continued to expand, and the manufacturing sector exhibited a tangible recovery, remaining above the expansionary level of 50.

The **manufacturing PMI** increased to 50.8 in December, following 50.7 in November, marking a recovery from the October level of 49.5.

The **services sector index** rose to 52.9 in December, following 51.5 in November, indicating further expansion compared to the October level of 50.4.

Graph 3 - 10: China's PMI



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

2023 economic growth was reported at 5.2%, supported by 4Q23 momentum in a sustained dynamic of pent-up demand, especially in the services sector, and a continuation of the rebound in IP and exports.

Economic growth in **2024** is forecast to decelerate slightly from the level observed in 2023 and remains unchanged at 4.8%. It will be supported by sustained momentum in key areas of domestic demand as well as exports.

Table 3 - 6: China's economic growth rate and revision, 2023–2025*, %

	China
2023	**5.2**
Change from previous month	0.0
2024	**4.8**
Change from previous month	0.0
2025	**4.6**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

Economic growth in **2025** is forecast to be well maintained. Authorities are expected to continue exercising economic support measures, particularly in the real estate sector. With some of the 2H24 moderation in economic growth anticipated to carry over into 2025, the economic growth forecast for next year stands at 4.6%.

Other Asia

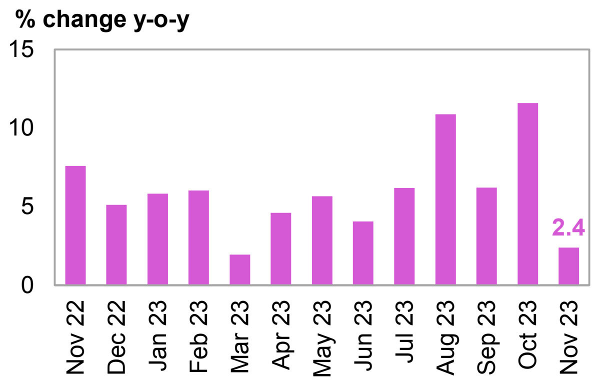
India

Update on the latest developments

India's economic performance up to 3Q23 has been marked by significant expansion, with the economy registering growth of 7.6% in that quarter. The main support factors have been government-led capital expenditure (capex) growth, alongside credit expansion in the financial sector and strong momentum in the manufacturing sector's quarterly dynamics. This sustained growth trend follows India's economic strength demonstrated in 1H23 with growth reaching 6.1% y-o-y in 1Q23 and accelerating further to 7.8% y-o-y in 2Q23.

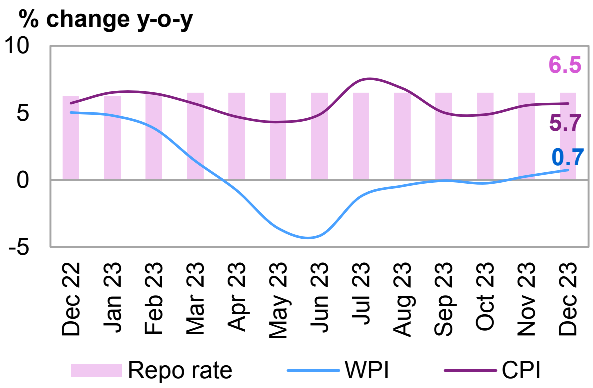
After a mid-year spike in inflation, price trends began to normalize up to October. However, a rise in vegetable prices in November pushed inflation higher once more. The sustained inflationary uncertainties have deterred the central bank from adopting a more accommodative monetary policy. Additionally, the impact of the El Niño phenomenon is a factor to watch, as volatile weather patterns may lead to price impacts, especially in the food sector, causing unexpected price swings in the important CPI category. On a positive note, despite these inflationary developments and the ongoing relatively high-interest rate level, the Indian economy is expected to have continued its steady momentum in 4Q23. Positive signs include the pickup in IP, improving consumer and business confidence, and the labour market displaying ongoing strength, potentially supporting consumption.

Graph 3 - 11: India's industrial production



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

Graph 3 - 12: Repo rate and inflation in India



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

The Indian economy has experienced a broad-based expansion across major sub-sectors, with the services sector anticipated to remain the primary driver of growth. With a sustained increase in industrial production and improvements in related leading indicators, support from India's manufacturing sector is expected to persist in 4Q23, and the momentum likely continue now in 2024. Industrial production grew by 2.4% y-o-y in November, compared with 11.7% y-o-y growth in October and following 6.2% y-o-y growth in September.

After **inflation** in India experienced an increase during the summer months, it generally remained on a declining trend up to October. It increased again in November and December, primarily due to a rise in vegetable prices. The general CPI rose by 5.7% y-o-y in December, after a rise of 5.6% y-o-y in November, and 4.9% y-o-y in October. Food and beverage inflation, which contributed to the spike in overall inflation during the monsoon-related period in the summer months increased significantly again to stand at 8.7% y-o-y in December and 8% y-o-y in November, compared with the October level of 6.3% y-o-y.

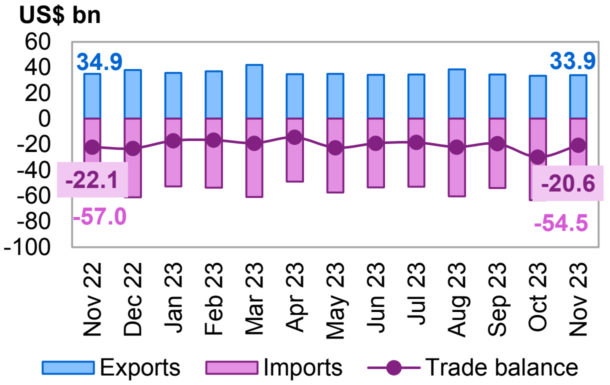
Core inflation, which excludes fuel, food, and electricity, saw a further decline, standing at 3.8% y-o-y in December, following 4% y-o-y in November and 4.3% y-o-y in October.

India's **trade balance** posted a declining deficit of approximately $20.6 billion in November, compared to $22.1 billion in the same month in 2022.

Monthly **exports** amounted to $33.9 billion in November, a retraction from $34.9 billion in November of the previous year.

Monthly **imports** stood at $54.5 billion in November, down from $57 billion a year earlier.

Graph 3 - 13: India's trade balance



Sources: Ministry of Commerce and Industry and Haver Analytics.

Near-term expectations

India's economy is expected to maintain **sound economic growth** in 2024, with a consequent carry-over from 2H23. Although economic growth is expected to decelerate in 2024, it is projected to outpace other major economies. After an estimated 4Q23 economic growth of 5.8% y-o-y, growth is forecast to stand at almost the same level in 1H24, albeit with a potential slight acceleration. Quarterly GDP growth levels in 2H24 are expected to stand at around 6%.

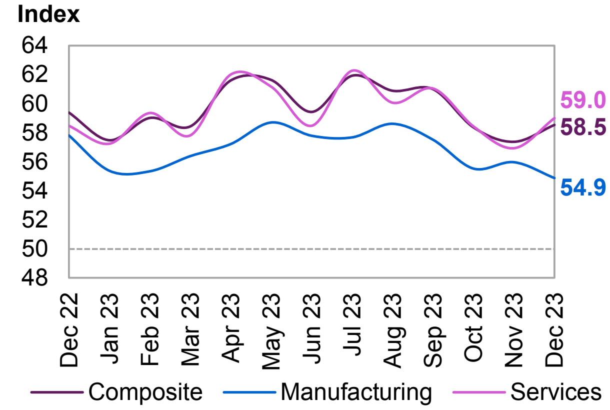
The services sector is projected to be the primary driver of economic growth in 2024, maintaining its leading role. Additionally, the industrial sector is expected to continue demonstrating sound performance and may support 2024 economic growth beyond the currently anticipated annual economic growth level. Some uncertainty remains concerning the inflationary developments and the potential impact of the El Niño phenomenon on agricultural output. The strong y-o-y food-related inflation in 4Q23 and 3Q23 of 7.7% and 8.7%, respectively, is forecast to dampen households' disposable income in 1H24. Government spending is expected to continue providing support, with investments in 2024 and possibly 2025. However, the outcome of the upcoming elections in May could influence fiscal spending. A positive factor to note for the near-term 1H24 growth dynamic is the recent rise in consumer sentiment and the sustained high level of forward-looking business indicators.

Despite the recent rise in general **inflation**, core inflation, excluding food prices, continued to decelerate. However, the rise and sustainably high headline inflation rate, coupled with robust economic growth in India, are likely to prompt the Reserve Bank of India (RBI) to maintain its interest rates at the current level of 6.5%. While there is an expectation that inflation will adjust to considerably lower levels, primarily due to a reversal in vegetable price dynamics, the RBI is expected to exercise careful oversight of price levels before considering a shift toward a more accommodative monetary policy, as observed in recent months.

The **S&P Global Manufacturing PMI** remained indicative of robust expansion, but it retracted slightly to stand at 54.9 in December compared with an index level of 56 in November and 55.5 in October.

The **Services PMI** indicated strong dynamics in December, recording a level of 59 in December, following 56.9 in November and 58.4 in October.

Graph 3 - 14: India's PMIs



Sources: S&P Global and Haver Analytics.

Considering robust growth in 3Q23, and the solid foundation for growth in 4Q23, the **economic growth estimate for 2023** is revised up to stand at 6.8%, y-o-y, compared with the previous estimate of 6.5%. The key drivers behind 2023 growth were the services sector, fiscal stimulus initiatives, and some support in consumption, albeit at a decelerating pace, during 2H23.

Table 3 - 7: India's economic growth rate and revision, 2023–2025*, %

	India
2023	**6.8**
Change from previous month	0.3
2024	**5.9**
Change from previous month	0.0
2025	**6.1**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

With the expectation that some of the supportive dynamics will extend into **2024**, the growth forecast for this year remains unchanged at 5.9%, consistent with the previous month's assessment.

Considering the foreseen improvement of the 2H24 growth dynamic and a consequent carry-over into **2025**, economic growth for next year is forecast at 6.1%.

Latin America

Brazil

Update on latest developments

The latest data from Brazil indicates continued and **steady growth towards the end of 2023**, albeit the growth dynamic has slowed and is expected to further decelerate at the beginning of next year. Growth in 4Q23 is projected to stand at around 2% y-o-y on a seasonally adjusted basis. This follows Brazil's 3Q23 y-o-y seasonally adjusted economic growth of 2.5%, 3.7% in 1Q23 and 3.4% in 2Q23. The moderation in economic growth during 4Q23 is also reflected in the latest output indicators. Given the retraction of leading indicators at the start of the year, this trend is likely to continue in 1Q24.

While the services sector experienced a slowdown and there was an improvement in industrial output, a noticeable shift in momentum occurred in 2H23, particularly accentuated in 4Q23 with increased support from the industrial sector. According to the latest December industry confidence index data from the Fundação Getúlio Vargas Institute, the confidence index for the services sector retraced by 3.6% q-o-q on a seasonally adjusted basis in 4Q23, following a 3.7% increase in 3Q23 and a 4.3% rise in 2Q23. In contrast to the services sector index decline in 4Q23, the manufacturing sector demonstrated growth, expanding by 1.6% q-o-q on a seasonally adjusted basis in 4Q23, up from -2.5% in 3Q23 and 0.7% increase in 2Q23 based on the Institute's index.

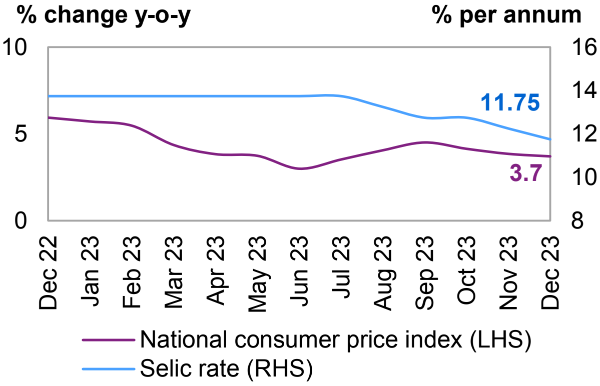
The **consumer confidence** index, also measured by the Fundação Getúlio Vargas Institute, exhibited minimal change according to the latest available data in December. The seasonally adjusted index remained nearly unchanged at 93.7 in December, compared to 93 in November and 93.2 in October. The quarterly level for 4Q23 was 93.3, in contrast to 96.2 in 3Q23, indicating a quarterly deceleration.

In response to the easing economic growth trend and reduced inflationary momentum, the Banco Central do Brasil (BCB) opted to lower its key policy rate.

After the Banco Central do Brasil (BCB) decided to decrease the **SELIC key policy rate** by half a percentage point in both August and September, the central bank implemented an additional 50 basis point reduction, bringing the key policy rate to 11.75% in December. These rate adjustments were intended to offset economic deceleration and were prompted by a substantial decrease in the inflation rate in the preceding months.

Inflation retracted to 3.7% y-o-y in December, down from 3.9% y-o-y in November and 4.1% y-o-y in October. Meanwhile, core inflation continued to ease, registering at 5.4% y-o-y in December, compared to 5.7% y-o-y in November and 5.6% y-o-y in October.

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



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

The BCN's inflation target for 2023 was set at 3.25%, slightly below the present inflation level.

The consistent and positive trends in the Brazilian economy have had a sustained favourable effect on the labour market. Based on the standard three-month moving average, the **unemployment rate** experienced a decline, reaching 7.5% in November, down from 7.6% in October and 7.7% in September.

Near-term expectations

After experiencing robust growth in the initial three quarters of the current year, **economic growth** is anticipated to maintain stability while gradually slowing down towards the end of the year and into 2024. Following strong transitory growth in 1H23, the growth rate in 3Q23 stood at 2.5% y-o-y and is estimated at around 2.1% y-o-y in 4Q23. The economic growth forecast for 1H24 indicates a moderation to slightly over 1% y-o-y average quarterly growth, followed by 1.5% y-o-y quarterly average growth in 2H24. Growth in 2025 is projected to pick up, reaching approximately 1.8% y-o-y on a quarterly average in 1H25 and accelerating to 2% y-o-y on a quarterly average in 2H25.

An increasingly accommodative **monetary policy** is expected to bolster growth, although the interest rate level is projected to remain relatively high. Despite the anticipated moderation indicated by recent key indicators, there is upside potential in the current economic growth forecast. A stronger carry-over of momentum into 2024, particularly supported by domestic demand, is a possibility. Additionally, the growth outlook is expected to be well-supported by improving dynamics in industrial activity and sustained, albeit slowing, growth in the services sector. Given the recent dynamics in the industrial complex, the slowdown in economic activity may be less pronounced than currently foreseen. However, there remains uncertainty regarding the fiscal discipline of the current administration, introducing an element of unpredictability to the economic landscape.

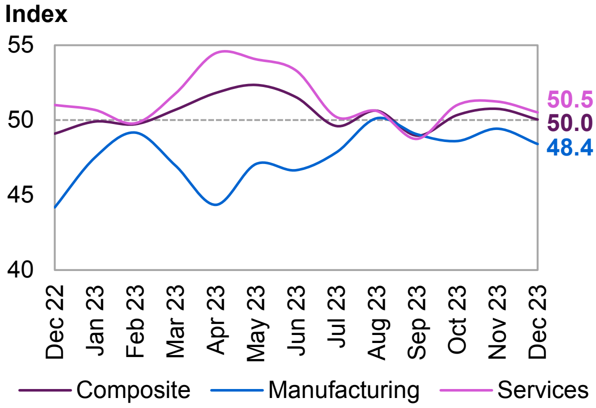
The potential of additional **monetary easing** in 2024, coupled with an improving outlook for Brazil's investment environment, is set to support robust growth in the upcoming year. It is expected that the SELIC rate will be further reduced by approximately 50 basis points in 1Q24. Moreover, the key policy rate is projected to decrease to around 10% by the end of 2024, reflecting a significant slowdown in the inflationary trend, especially concerning core inflation. This forecast envisions inflation averaging around 3.5% in 2024, indicating a favourable trajectory in the inflationary landscape that is expected to be maintained at around the same level in 2025.

December PMI indices signal a moderation in activity in both the services sector and the manufacturing sector, with the latter also remaining in contractionary territory.

The **manufacturing PMI** retracted by 1 index point to stand at 48.4 in December, compared with 49.4 in November and 48.6 in October.

The **services PMI** also experienced a decline, registering 50.5 in December, in comparison to 51.2 in November and 51 in October.

Graph 3 - 16: Brazil's PMIs



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

Given the sound and better-than-expected 2H23 momentum, the **economic growth forecast for 2023** has been revised upward to 2.9%, compared to the previous estimate of 2.5%. The sustained robustness of domestic demand towards the end of the year has the potential to surpass current expectations, offering additional support for further growth.

Table 3 - 8: Brazil's economic growth rate and revision, 2023–2025*, %

	Brazil
2023	**2.9**
Change from previous month	0.4
2024	**1.4**
Change from previous month	0.2
2025	**1.9**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

The steady, albeit decelerating growth momentum from 1H23 is expected to extend into **2024**, prompting a slight upward revision of the growth forecast for 1H24. The revised annual growth expectation now stands at 1.4%, up from 1.2% in the previous month. The outlook for 2024 foresees a continuation of accommodative monetary policy alongside sustained robust domestic demand.

Subsequently, growth is projected to pick up again in **2025**, reaching a level of 1.9%, supported by a lower key-policy rate of 9%.

Africa

South Africa

Update on the latest developments

South Africa's economy navigated ongoing challenges surprisingly well in 1H23 but experienced a decline in 3Q23, with a likely pickup seen in 4Q23. The primary challenge faced by the economy in 2023 was an ongoing shortage of power supply due to issues with its main power provider. Meanwhile, in the first week of 2024, the long-awaited draft of the Integrated Resources Plan for Electricity (IRP) was published for public comment, outlining the expansion of generation capacity through various energy mix scenarios in the medium to long term. The updated draft suggests that load shedding will persist, negatively impacting the economy until at least 2028. Additionally, the state's electricity monopoly company has concluded its nearly year-long search for a chief executive, whose primary responsibility will be to address the ongoing series of rolling blackouts adversely affecting the economy. Economic growth contracted by 0.5% y-o-y in 3Q23, contrasting with growth of 0.2% y-o-y in 1Q23 and 1.5% y-o-y in 2Q23. Although private consumption expenditures expanded by 0.5% y-o-y the economy slipped into negative territory primarily due to supply-side shortages and ensuing inventory drawdowns. The electricity sector contracted by 3.5% y-o-y.

Headline **inflation** decelerated, standing at 5.5% y-o-y in November, in contrast to the 5.9% y-o-y rise in October and a 5.4% y-o-y increase in September. This may potentially prompt the South African Reserve Bank (SARB) to consider a more accommodative monetary policy in the near term. The current key policy rate is already high at 8.25%. However, there is no immediate indication from the central bank of an incoming rate cut, given that inflation remains distant from the midpoint of the bank's target range, set between 3% and 6% for both 2023 and 2024. In this context, core inflation stood at 4.5% y-o-y in November, a slight increase from the 4.4% y-o-y registered in October.

Near-term expectations

Following the decline in 3Q23, a **gradual rebound** is projected for 4Q23, supported by a somewhat improving situation in the electricity sector. Additional improvements are anticipated in 2024 and 2025. However, the outcome of the upcoming general election, along with associated fiscal policies, will be a significant factor influencing the near-term outlook.

The anticipated headline inflation for 2023 is likely to average nearly 6%, with expectations of sustained elevated price inflation at an average of around 5% in 2024 and 2025. The decrease in goods inflation in November was attributed to fuel price reductions, yet overall prices remain high, influenced by supply-side factors. The recent uptick in core price inflation is somewhat concerning, particularly given the stagnation of the South African economy since the pandemic downturn. This is forecast to keep the central bank's monetary policy unchanged in 1H24, with a shift towards a more accommodative stance expected only in 2H24.

Despite these challenges, an improved economic environment is forecast for 2024, driven by an expansion in household spending. This growth is expected to be facilitated by easing inflation and a potential decrease in currently high interest rates in 2H24. However, the economy may remain susceptible to challenges such as power shortages, transport bottlenecks, higher interest rates, and fluctuations in commodity prices. The seasonally adjusted Purchasing Managers' Index fell back below the growth-indicating level of 50 in December, standing at 49, compared with 50 in November and 48.9 in October.

The **2023 economic growth forecast** was revised down slightly to stand at 0.5%. This considers improvements in 2Q23, but also the slight decline in 3Q23, and the expectation of a gradual rebound in the economy in 4Q23.

The growth forecast for **2024** remains steady at 0.8%, reflecting expectations of improvements in both domestic conditions and external demand. These positive trends are driven by anticipated enhancements in domestic demand dynamics and a gradual increase in commodity exports.

Table 3 - 9: South Africa's economic growth rate and revision, 2023–2025*, %

	South Africa
2023	**0.5**
Change from previous month	-0.1
2024	**0.8**
Change from previous month	0.0
2025	**1.3**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

Growth in **2025** is forecast to stand at 1.3%.

Russia and Central Asia

Russia

Update on the latest developments

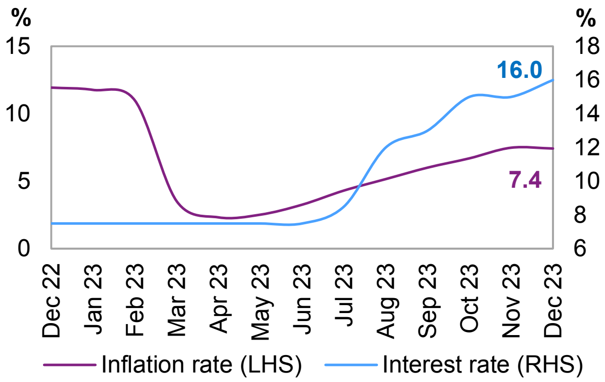
Despite persistent external challenges, the economy appears to be receiving significant support from an improving domestic environment and a solid underlying growth dynamic from both private households and the government. After **Russia's economic growth** exhibited notable strength, reaching 5.5% y-o-y in 3Q23, a decelerating, albeit steady, growth dynamic seems to have extended into 4Q23. Growth in 2Q23 stood at 4.9% y-o-y, while the economy declined by 1.8% y-o-y in 1Q23. The main support in 2H23 is attributed to government-led support measures, an improved situation for exports, and consequently, sustained robust domestic demand. However, the softening in commodity income has led to a drop in budget revenues in November. Nevertheless, the budget is still expected to outperform the annual deficit target of 2% of GDP.

Industrial production maintained steady growth, increasing by 4.3% y-o-y in November, compared to 5.3% y-o-y in October and 5.6% in September. Manufacturing continued to play a significant role, with a rise of 8.2% y-o-y following 9.7% in October, and 11.2% in September.

Robust domestic demand, along with increasing import prices, has contributed to an upward trajectory for inflation. However, recent monetary policy tightening and interest rate hikes by the Central Bank of Russia are expected to mitigate the demand for imports, potentially leading to further appreciation of the rouble.

In December, the central bank increased the **key policy interest rate** by 1 percentage point (pp), bringing the key interest rate to 16%. This follows an extension of the monetary tightening measures, which began with a 1.5 pp hike in September and a substantial 3.5 pp increase in mid-August. The central bank's decision primarily reflects concerns about inflationary pressures on the Russian economy, driven by domestic demand outpacing the available capacity. The evolving situation requires close observation, and the possibility of additional interest rate hikes cannot be ruled out.

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



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

Consumer inflation remained nearly unchanged at 7.4% y-o-y in December, compared to 7.5% y-o-y in November and 6.7% in October. Core consumer prices experienced an acceleration, reaching 6.8% y-o-y in December, up from 6.4% in November and 5.5% in October.

Russia's **unemployment rate** remained at a historically low level of 2.9% in November, showing little change from the 2.8% recorded in October.

Near-term expectations

Following robust growth in 2Q23 and 3Q23, Russia's **economic momentum** is estimated to have been well-supported in 4Q23, although some deceleration is anticipated towards the year-end. This trend is forecast to carry over into 2024. Government-led initiatives are expected to play a mitigating role in addressing ongoing economic challenges. With these government-led support measures, income levels remain resilient, and consumer spending continues its steady momentum, with private household expenditures expected to further drive this trend. After the strong growth in 2Q23 and 3Q23, economic growth in 4Q23 is estimated to decelerate and reach 2.5%, y-o-y. 1H24 economic growth is forecast to moderate to levels of around 1.5%, followed by growth of below 1.5% y-o-y on a quarterly average in 2H24. Growth in 2025 is forecast to continue to decelerate and stand at around 1% y-o-y on a quarterly average in 1H25, but to accelerate to 1.4% y-o-y on a quarterly average in 2H25.

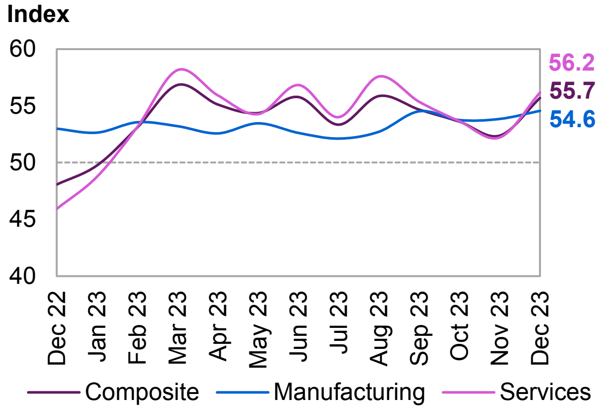
Inflation is anticipated to remain elevated due to buoyant consumption. Following y-o-y inflationary levels of 7.4% in December and 7.5% in November, annual inflation is projected to be around 6% on average in 2023, aligning with the latest central bank projections. Price dynamics are expected to slow in 2024, with annual inflation forecast at around 5.5% in both 2024 and 2025.

The **PMI index** for both the manufacturing and services sectors continued to demonstrate a supportive dynamic in December.

The S&P Global **manufacturing PMI** increased to 54.6 in December from 53.8 in November and October.

The **services PMI** experienced a significant rise of 4 index points, reaching 56.2 in December, compared with 52.2 in November and 53.6 in October.

Graph 3 - 18: Russia's PMI



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

Considering the ongoing improving trend, Russia's **economic growth in 2023** is revised up to stand at 2.8%. While the estimate carries ongoing upside risk, there remains a high degree of uncertainty amid the ongoing challenges for the Russian economy going forward.

Looking ahead to **2024**, economic growth is forecast to remain well-supported, with the expected level for next year lifted slightly to stand at 1.4%. Economic growth in **2025** is forecast at 1.2%.

Table 3 - 10: Russia's economic growth rate and revision, 2023–2025*, %

	Russia
2023	**2.8**
Change from previous month	0.6
2024	**1.4**
Change from previous month	0.1
2025	**1.2**

*Note: * 2023 = Estimate and 2024-2025 = Forecast.*

Source: OPEC.

OPEC Member Countries

Saudi Arabia

Following a relatively low economic growth level in 2023, a robust rebound is likely in **Saudi Arabia**'s economy in 2024. The latest 3Q23 GDP growth numbers stood at -4.4% y-o-y, based on data from Saudi Arabia's statistical office. This follows the growth of 1.2% y-o-y in 2Q23 and 3.8% y-o-y in 1Q23. Notably, private consumption expenditures expanded by 6% y-o-y, indicating robust domestic growth. Gross capital formation, i.e., investments, also increased by 7%, y-o-y. The contraction in GDP was mainly attributed to the oil sector, which declined by 13.2% y-o-y, while the non-oil private sector grew by 3%. The Riyadh Bank PMI in Saudi Arabia demonstrated resilience, maintaining a robust level of 57.5 in December, unchanged from November. This reflects the continued strength of the private non-oil sector. Moreover, annual inflation eased further for the seventh consecutive month, registering an inflation level of 1.5% y-o-y, compared with 1.7% y-o-y in November and 1.6% y-o-y in October. The December figure marks the lowest inflation rate since February 2022.

Nigeria

Nigeria's private sector continues to improve, with the Stanbic IBTC Bank of Nigeria PMI rising to 52.7 in December, rebounding from its dip below the 50-point expansionary threshold in October and November. The improvement in business conditions is attributed to the resurgence of new orders and output growth, accompanied by expansions in employment levels and purchasing activity. However, despite these positive developments, private sector confidence remains at a historically low level. This is primarily due to the significant increase in input costs, subdued demand, and heightened market uncertainty, which collectively hamper business activity and the non-oil economy. In the meantime, economic growth in 3Q23 exceeded expectations, registering a robust 3.1% y-o-y increase, surpassing the 2.6% y-o-y growth in 2Q23 and 2.4% y-o-y increase in 1Q23. This positive performance is attributed to strong activity in non-oil sectors, especially in services and agriculture. However, there are concerns about inflationary pressures in Nigeria, with the inflation rate reaching 28.9% in December, the highest level last year.

The United Arab Emirates (UAE)

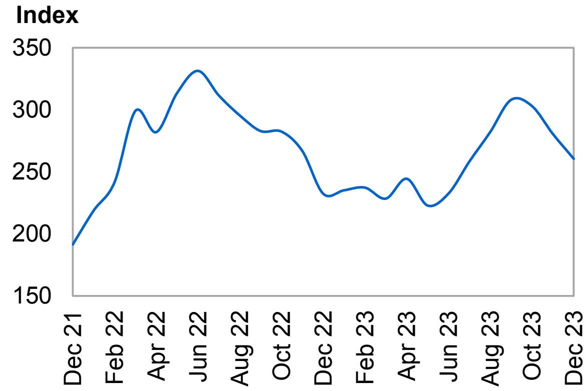
The non-oil sector in the **United Arab Emirates** (UAE) has demonstrated robust growth throughout 2023, and a carry-over of this dynamic is likely to extend into 2024. In December, the PMI for the non-oil sector reached 57.4, compared with 57.0 in November, aligning with the expansionary trend observed over the past few years. The current surge in activity is also fostering additional job creation. Additionally, the real estate sector in Dubai remains robust, supported by property sales reaching decade highs in recent months. Tourism is experiencing a rebound, contributing about 16% to the UAE's GDP directly and indirectly through its impact on the supply chain and associated spending, according to Oxford Economics. Dubai, as the world's busiest international airport, has surpassed pre-pandemic passenger levels. Visitor numbers to Dubai increased by 22% y-o-y to 13.9 million from January to October 2023. Fuelled by robust demand, inflation rose to 4.8% y-o-y in December, reaching a three-month high, primarily driven by the leisure sector and transportation. Prospects for the UAE's non-oil economic growth indicate ongoing momentum, supported by increased business confidence, government reforms, and an expansion in household spending.

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

The **US dollar (USD) index** declined for a second consecutive month in December, falling by 1.8% m-o-m. This occurred as the "higher for longer" monetary policy is being challenged by a shift in market sentiment amid ongoing declines in US treasury yields and inflation. Moreover, the US Federal Reserve (the Fed) paused interest rate hikes at a third consecutive meeting in December, cementing market expectations of lower interest rates in the near term. Y-o-y, the index was down by 1.8%.

Regarding **developed market (DM) currencies**, the USD fell against all major currencies in December. It was down by 0.7%, 3.4% and 1.9% m-o-m against the euro, pound and yen respectively. The USD was down by 2.7% and 3.4% y-o-y against the euro and the pound respectively. Meanwhile, it was up by 6.8% against the yen over the same period.

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



Sources: IMF and OPEC.

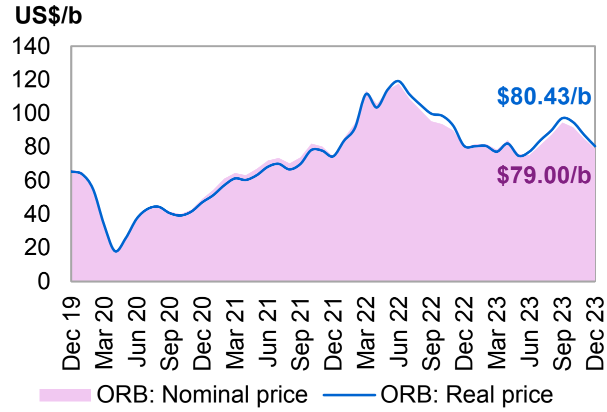
In terms of **emerging market (EM) currencies**, the USD remained essentially flat against the rupee in December, but fell by 1.2% m-o-m against the yuan. At the same time, it was up marginally by 0.3% m-o-m against the real. The USD was up by 1.1% and 2.4% y-o-y against the rupee and yuan respectively; however, it was down by 6.3% against the real over the same period.

The differential between nominal and real **ORB** prices narrowed for a second consecutive month in December. Inflation (nominal price minus real price) went from a discount of $2.28/b in November to $1.43/b in December, a 37.3% decline m-o-m.

In **nominal terms**, accounting for inflation, the ORB price went from $84.92/b in November to $79.00/b in December, a 7.0% decrease m-o-m. The ORB was down by 0.9% y-o-y in nominal terms.

In **real terms** (excluding inflation), the ORB went from $87.20/b in November to $80.43/b in December, a 7.8% decrease m-o-m. The ORB was down by 0.3% y-o-y in real terms.

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



Source: OPEC.

World Oil Demand

The forecast for 2023 world oil demand growth remains unchanged from the previous assessment at 2.5 mb/d. Minor data revisions are made in 1Q23 to 3Q23 for OECD and China to accommodate for the latest received data. Also, the demand forecast for OECD Americas in 4Q23 is adjusted upward, reflecting better-than-expected improvements in oil demand. Similarly, the demand forecast for China and the Middle East is adjusted slightly upwards, following data showing improvements in oil demand.

The global oil demand growth forecast for 2024 remains unchanged at 2.2 mb/d, with the OECD growing by around 0.3 mb/d and the non-OECD by about 2.0 mb/d. In 1Q24, oil demand is expected to grow by 2.0 mb/d y-o-y. Total world oil demand is anticipated to reach 104.4 mb/d in 2024, bolstered by strong air travel demand and healthy road mobility, including on-road diesel and trucking, as well as healthy industrial, construction and agricultural activities in non-OECD countries. Similarly, capacity additions and petrochemical margins in non-OECD countries – mostly in China and the Middle East – are expected to contribute to oil demand growth. However, this forecast is subject to many uncertainties, including global economic developments.

The initial forecast for global oil demand growth in 2025 shows robust growth of 1.8 mb/d, y-o-y. The OECD is expected to grow by 0.1 mb/d, y-o-y, while demand in the non-OECD is forecast to increase by 1.7 mb/d.

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

World oil demand	2022	1Q23	2Q23	3Q23	4Q23	2023	Change 2023/22 Growth	%
Americas	24.79	24.46	25.18	25.36	24.94	24.99	0.19	0.77
of which US	*20.16*	*19.92*	*20.50*	*20.49*	*20.15*	*20.27*	*0.11*	*0.52*
Europe	13.51	13.10	13.54	13.62	13.39	13.42	-0.09	-0.69
Asia Pacific	7.38	7.81	6.96	7.06	7.65	7.37	-0.01	-0.17
Total OECD	**45.68**	**45.37**	**45.68**	**46.03**	**45.98**	**45.77**	**0.09**	**0.19**
China	14.95	15.51	16.26	16.42	16.42	16.15	1.20	8.05
India	5.14	5.40	5.40	5.17	5.40	5.34	0.21	3.99
Other Asia	9.07	9.34	9.49	9.13	9.15	9.28	0.20	2.26
Latin America	6.44	6.60	6.70	6.75	6.68	6.68	0.25	3.83
Middle East	8.30	8.63	8.32	8.82	8.76	8.63	0.33	3.99
Africa	4.40	4.59	4.24	4.27	4.74	4.46	0.06	1.34
Russia	3.75	3.83	3.69	3.84	4.01	3.84	0.09	2.37
Other Eurasia	1.15	1.24	1.21	1.02	1.23	1.17	0.02	2.03
Other Europe	0.77	0.79	0.77	0.75	0.83	0.79	0.01	1.29
Total Non-OECD	**53.98**	**55.93**	**56.07**	**56.18**	**57.20**	**56.35**	**2.37**	**4.39**
Total World	**99.66**	**101.30**	**101.75**	**102.21**	**103.18**	**102.11**	**2.46**	**2.47**
Previous Estimate	99.66	101.57	101.47	102.12	103.28	102.11	2.46	2.47
Revision	0.00	-0.27	0.28	0.09	-0.09	0.00	0.00	0.00

*Note: * 2023 = Estimate.*
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	24.99	24.65	25.35	25.56	25.09	25.17	0.18	0.72
of which US	*20.27*	*20.06*	*20.64*	*20.64*	*20.29*	*20.41*	*0.14*	*0.70*
Europe	13.42	13.16	13.60	13.69	13.43	13.47	0.06	0.41
Asia Pacific	7.37	7.84	6.97	7.09	7.65	7.39	0.02	0.29
Total OECD	**45.77**	**45.64**	**45.93**	**46.34**	**46.17**	**46.02**	**0.26**	**0.56**
China	16.15	16.13	16.77	17.09	17.14	16.78	0.63	3.90
India	5.34	5.63	5.64	5.40	5.59	5.56	0.22	4.11
Other Asia	9.28	9.61	9.74	9.49	9.51	9.59	0.31	3.34
Latin America	6.68	6.79	6.88	6.97	6.84	6.87	0.19	2.84
Middle East	8.63	8.91	8.76	9.38	9.00	9.01	0.38	4.40
Africa	4.46	4.65	4.37	4.39	4.82	4.56	0.10	2.24
Russia	3.84	3.89	3.80	3.99	4.08	3.94	0.10	2.61
Other Eurasia	1.17	1.27	1.24	1.08	1.28	1.22	0.04	3.77
Other Europe	0.79	0.81	0.78	0.77	0.84	0.80	0.01	1.75
Total Non-OECD	**56.35**	**57.68**	**57.99**	**58.55**	**59.11**	**58.34**	**1.99**	**3.53**
Total World	**102.11**	**103.32**	**103.92**	**104.89**	**105.29**	**104.36**	**2.25**	**2.20**
Previous Estimate	102.11	103.60	103.64	104.80	105.38	104.36	2.25	2.20
Revision	0.00	-0.27	0.28	0.09	-0.09	0.00	0.00	0.00

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

Table 4 - 3: World oil demand in 2025*, mb/d

World oil demand	2024	1Q25	2Q25	3Q25	4Q25	2025	Change 2025/24 Growth	%
Americas	25.17	24.71	25.40	25.68	25.17	25.24	0.08	0.31
of which US	*20.41*	*20.09*	*20.67*	*20.70*	*20.34*	*20.45*	*0.04*	*0.21*
Europe	13.47	13.18	13.61	13.71	13.44	13.49	0.02	0.12
Asia Pacific	7.39	7.85	6.98	7.10	7.66	7.40	0.01	0.14
Total OECD	**46.02**	**45.73**	**46.00**	**46.50**	**46.28**	**46.13**	**0.11**	**0.23**
China	16.78	16.56	17.15	17.53	17.53	17.19	0.41	2.45
India	5.56	5.85	5.88	5.61	5.82	5.79	0.23	4.10
Other Asia	9.59	9.90	10.07	9.82	9.81	9.90	0.31	3.25
Latin America	6.87	6.99	7.07	7.19	7.04	7.07	0.20	2.91
Middle East	9.01	9.29	9.10	9.84	9.35	9.40	0.38	4.24
Africa	4.56	4.77	4.47	4.52	4.93	4.67	0.11	2.47
Russia	3.94	3.95	3.85	4.05	4.12	3.99	0.05	1.37
Other Eurasia	1.22	1.30	1.27	1.12	1.31	1.25	0.03	2.59
Other Europe	0.80	0.82	0.79	0.78	0.85	0.81	0.01	1.41
Total Non-OECD	**58.34**	**59.42**	**59.66**	**60.45**	**60.76**	**60.08**	**1.74**	**2.98**
Total World	**104.36**	**105.15**	**105.65**	**106.95**	**107.05**	**106.21**	**1.85**	**1.77**

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

OECD

OECD Americas

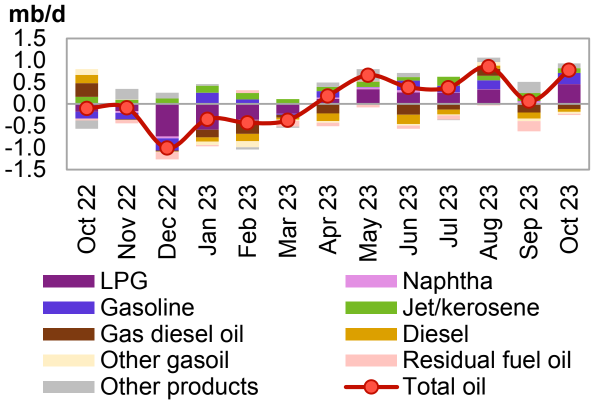
Update on the latest developments

Oil demand in OECD Americas surged further by 775 tb/d, y-o-y, in October. Incremental demand over the month came almost entirely from the US, with Canada and Mexico increasing only marginally. The increase was supported by a negative baseline amid strong petrochemical feedstock requirements and healthy transportation fuel demand.

Details of various product contributions show that LPG led demand growth in the region, with 455 tb/d, y-o-y, a 12% annual increase. Gasoline expanded on the back of healthy transportation activity by 255 tb/d, y-o-y, up from a 12 tb/d annual increase the previous month.

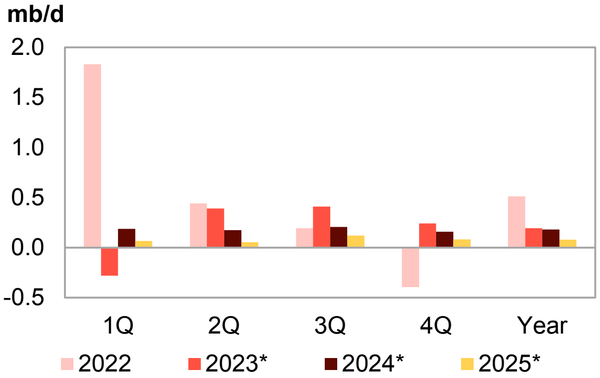
Similarly, the jet kerosene and the 'other products' categories increased y-o-y by 108 tb/d each. However, diesel and residual fuels declined for the second consecutive month, by 122 tb/d and 29 tb/d, respectively.

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



Sources: IEA, JODI, OPEC and national sources.

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



*Note: * 2023 = Estimate and 2024-2025 = Forecast.*
Source: OPEC.

Oil demand in the **US** surged by 673 tb/d y-o-y in October from y-o-y decline of 37 tb/d in the previous month. Oil demand growth was supported by healthy petrochemical and transportation sector activity amid a weak baseline effect.

LGP recorded the largest increase of 318 tb/d y-o-y, up from the marginal increase of 12 tb/d seen the previous month. The product was affected by seasonality factors amid a low baseline effect. Gasoline surged by 287 tb/d, y-o-y, on the back of healthy vehicle mobility, up from an annual decline of 15 tb/d. This was supported by steady motor vehicle travel, with data from the Federal Highway Administration showing that miles travelled on all roads increased by 1.3%, y-o-y, in October. Seasonally adjusted vehicle miles travelled for October 2023 were reported at 269.5 billion miles, an increase of 0.8% (+2.0 billion vehicle miles) change over October 2022. Similarly, as air travel activity remained robust, jet/ kerosene demand increased by 134 tb/d, y-o-y, representing a 9% annual rise, according to a report from the International Air Travel Association (IATA). US international traffic levels remained robust in October, outperforming 2019 levels by 5.2%, and domestic revenue passenger kilometres (RPKs) stood 7.2% above pre-COVID levels. While the 'other products' category increased by 37 tb/d, y-o-y, demand for naphtha remained broadly unchanged.

However, diesel and residual fuels were subdued by weak industrial activity. Data from the Federal Reserve Board/Haver Analytics shows that industrial production declined by 12.73% in October, though this is an improvement from an annual decline of 19.77% in the previous month. Accordingly, diesel and residual fuels demand softened by 112 tb/d and 29 tb/d, y-o-y, respectively.

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

			Change	Oct 23/Oct 22
By product	**Oct 22**	**Oct 23**	**Growth**	**%**
LPG	3.23	3.54	0.32	9.9
Naphtha	0.12	0.12	0.00	3.4
Gasoline	8.81	9.09	0.29	3.3
Jet/kerosene	1.56	1.69	0.13	8.6
Diesel	4.16	4.07	-0.10	-2.3
Fuel oil	0.28	0.27	-0.01	-4.0
Other products	2.15	2.19	0.04	1.7
Total	**20.30**	**20.97**	**0.67**	**3.3**

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

Near-term expectations

In **2024**, US economic growth is projected to see a positive trajectory, albeit below 2023 figures. Economic activity in the US is expected to be supported by private household consumption. In addition, further improvements in air travel and road mobility are expected to support jet/kerosene and gasoline demand. Furthermore, LPG is also expected to see an uptick due to healthy petrochemical feedstock requirements for ethylene.

However, the US manufacturing sector continued to contract, although at a slightly slower rate, which is expected to dampen diesel demand. Nevertheless, overall oil demand is projected to increase by an average of about 140 tb/d y-o-y in 1H24, mostly supported by demand for jet/kerosene and LPG. Moreover, anticipation that the US Federal Reserve will hold off on interest rate changes will encourage more companies to spend on capital investment once again and is expected to support oil demand. Overall, US oil demand in 2024 is expected to increase by 143 tb/d, mostly supported by transportation fuels and light distillates.

In **2025**, US economic growth is projected to improve over 2024. Transportation activity is also expected to be solid and support transportation fuel demand. Further, healthy demand for LPG from petrochemical requirements is forecast to continue. However, weakening demand for diesel and naphtha in 2024 is not projected to improve. Overall, 2025 oil demand in the US is projected to increase by 42 tb/d, y-o-y.

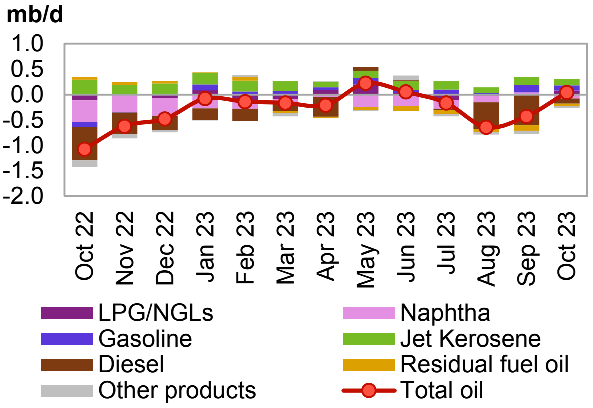
OECD Europe

Update on the latest developments

Oil demand in OECD Europe recorded a slight increase in October of 42 tb/d, y-o-y, after seeing three consecutive months of decline. Demand mostly originated from transportation fuels, supported by steady air travel recovery and healthy driving activity.

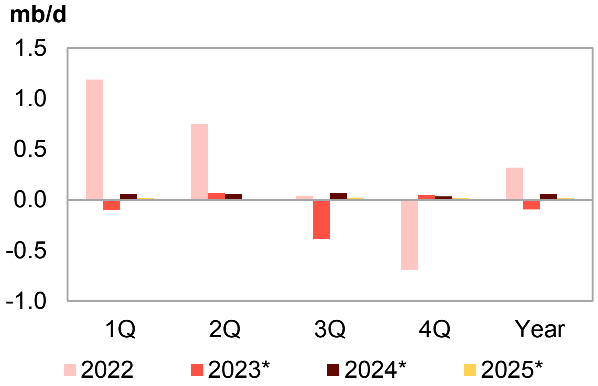
Jet/kerosene posted the largest increase of 127 tb/d, y-o-y, supported by solid demand for air travel in the region. A report from IATA Air Passenger Market Analysis states that in October air passenger traffic continued its upward trend with a 16.1% y-o-y increase, measured in international Revenue Passenger Kilometres (RPKs), which were 3.5% away from recovering to pre-COVID levels. Gasoline surged by 97 tb/d, y-o-y, on the back of healthy mobility, in line with winter seasonal norms. Meanwhile, LPG saw growth of 82 tb/d, y-o-y, up from no annual increase the previous month.

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



Sources: IEA, JODI, OPEC and national sources.

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



*Note: * 2023 = Estimate and 2024-2025 = Forecast.*
Source: OPEC.

However, ongoing weakening in regional manufacturing activity weighed on diesel demand, leading to a decline of 101 tb/d y-o-y, though this is an improvement over the y-o-y annual decline of 605 tb/d seen in September. Diesel demand's prolonged decline was caused by persistent weak manufacturing activity amid macroeconomic headwinds in the big countries of the region. Similarly, a prolonged deceleration in petrochemical activity saw run rates plunge at petrochemical steam cracker units that convert naphtha and other feedstock into the industry's basic chemical building blocks. This weighed on naphtha demand, which declined by 74 tb/d, y-o-y, down from growth of 40 tb/d seen in September. Furthermore, demand for the 'other product' category and residual fuels softened by 34 tb/d and 55 tb/d, respectively, y-o-y.

Near-term expectations

Looking ahead to **2024**, the region's economy is expected to show a gradual recovery, as key headwinds due to high inflation and rising interest rates in 2023 fade. Furthermore, real household income is notably rising as headline inflation falls and nominal wages remain firm, providing support for households. These factors are expected to support oil demand growth of an average of 58 tb/d, y-o-y, in 1H24. This will additionally be supported by regional jet/kerosene and gasoline consumption on the back of air and road transportation activity. However, ongoing weak manufacturing and petrochemical activity are anticipated to weigh on diesel and naphtha. The region is expected to see an average growth of 55 tb/d, y-o-y, for the year, mostly supported by transportation fuels. Similarly, LPG and residual fuels are expected to record an uptick. However, diesel and naphtha are predicted to remain soft for the whole year, subdued by weakening manufacturing and petrochemical activity.

Economic activity in **2025** in the region is expected to improve further from 2024. Similarly, air travel and driving activity are expected to remain stable. These factors are expected to support oil demand to grow by 17 tb/d, y-o-y. However, an increase in the penetration of electrical vehicles is expected to subdue gasoline demand. Similarly, the European naphtha market is poised for major changes in fundamentals, mostly due to high production costs and environmental regulations that could weigh on demand.

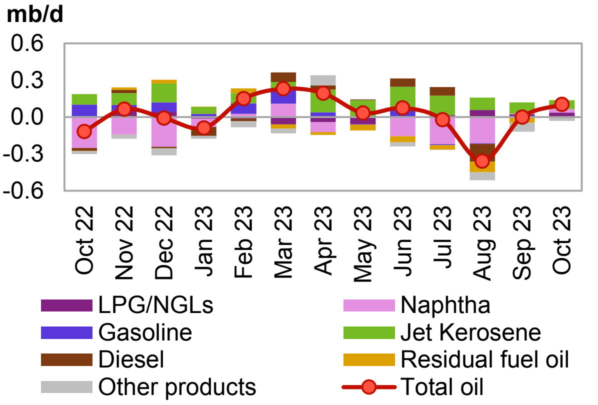
OECD Asia Pacific

Update on the latest developments

Oil demand in OECD Asia Pacific recovered by 105 tb/d, y-o-y, in October from zero growth seen in September. The demand recovery was supported by requirements for jet/kerosene and LPG amid healthy air travel recovery and healthy petrochemical feedstock requirements.

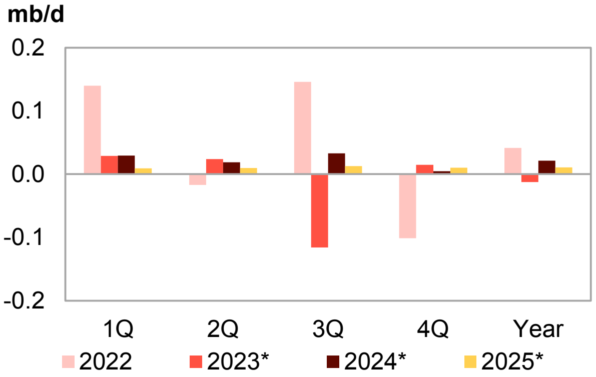
Jet/kerosene led oil demand growth in October by 71 tb/d, y-o-y, strong across all three major consuming countries in the region. A report from the IATA's Air Passenger Market Analysis shows that in October the Asia Pacific region witnessed ongoing growth in passenger traffic as international RPKs in the region made modest progress of 0.6% from September to October 2023, but still stood 19.5% away from total recovery. After prolonged dismal performance, petrochemical feedstock demand in the region has shown signs of recovery, with LPG expanding by 36 tb/d, y-o-y, while naphtha inched up by 30 tb/d.

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



Sources: IEA, JODI, METI and OPEC.

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



*Note: * 2023 = Estimate and 2024-2025 = Forecast.*
Source: OPEC.

However, gasoline demand in the region was flat y-o-y, albeit an improvement from the slight 7 tb/d, y-o-y, decline the previous month. The sharp decline in gasoline demand in Japan, was offset by increases in South Korea and Australia of 12 tb/d and 4 tb/d, y-o-y, respectively. Finally, the 'other products' category and residual fuels saw annual declines of 25 tb/d and 4 tb/d, respectively.

Near-term expectations

Looking ahead to **1H24**, the region's economy is expected to grow modestly, though still below 2023 growth figures, with variations among countries. Forward-looking indicators – including services and manufacturing PMIs – also vary among major oil-consuming countries in the region. Steady air traffic recovery, along with healthy driving activity and petrochemical industry operations, are anticipated to support modest oil demand growth of 24 tb/d y-o-y on average in 1H24.

Moreover, extended government energy subsidies in Japan are expected to support oil demand. Overall, demand is projected to expand modestly by an average of 22 tb/d, y-o-y.

In **2025**, the momentum of economic activity in the region is expected to improve over 2024. Healthy air travel dynamic and recovering petrochemical sector requirements are expected to bolster oil demand growth. As a result, demand in OECD Asia Pacific is expected to expand modestly by an average of 11 tb/d, y-o-y, in 2025.

Non-OECD

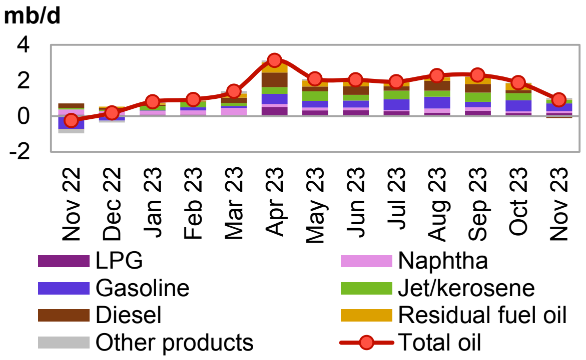
China

Update on the latest developments

Oil demand in China remained firm in November with growth of 0.9 mb/d, y-o-y. Incremental demand was almost the same as in the previous month. Growth was partly supported by a negative baseline effect amid healthy economic activity and steady petrochemical feedstock requirements.

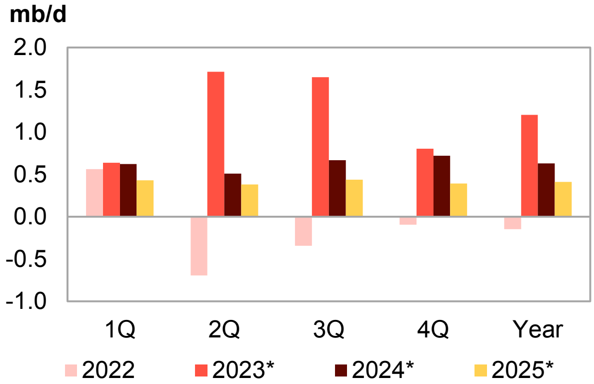
Gasoline demand recorded the highest growth among oil products on the back of healthy transportation activity and a low baseline effect, up by 435 tb/d, y-o-y, in November. This was supported by healthy transportation activity during the month. A report from the China National Bureau of Statistics/Haver Analytics indicates that road and passenger traffic growth in terms of 100-million-person kilometres increased by 27% y-o-y in November. Similarly, according to the China Association of Automobile Manufacturers (CAAM), Chinese vehicle sales increased by 2%, m-o-m, in November. Meanwhile, diesel demand declined by 98 tb/d from growth of 186 tb/d, y-o-y, seen in October, despite healthy manufacturing activity in China. According to a report by the China Federation of Logistics & Purchasing/Haver Analytics, manufacturing output was in expansion trajectory with 50.7 points. Residual fuel demand grew by 16 tb/d, y-o-y, below October's growth of 370 tb/d. In terms of petrochemical feedstock, LPG expanded by 189 tb/d, slighty up from growth of 183 tb/d y-o-y seen the previous month, and naphtha increased by 97 tb/d, y-o-y, up from growth of 88 tb/d, y-o-y, the month before.

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



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

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



*Note: * 2023 = Estimate and 2024-2025 = Forecast.*
Source: OPEC.

Furthermore, air travel activity also remained healthy. According to a report by China's Civil Aviation Authority, passenger volumes on domestic routes jumped by 289.8% y-o-y in November, while international routes recorded a 133.5% increase. The significant rise in air traffic supported growth in jet/kerosene demand, which showed annual growth of 88 tb/d, or about 12%. Finally, the ´other products´ category increased by 78 tb/d, y-o-y, up from annual growth of 39 tb/d recorded in October.

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

By product	Nov 22	Nov 23	Change Nov 23/Nov 22 Growth	%
LPG	2.58	2.77	0.19	7.3
Naphtha	2.01	2.11	0.10	4.8
Gasoline	2.88	3.32	0.44	15.2
Jet/kerosene	0.84	1.03	0.19	23.3
Diesel	4.28	4.18	-0.10	-2.3
Fuel oil	0.54	0.55	0.02	2.9
Other products	2.53	2.61	0.08	3.1
Total	**15.66**	**16.58**	**0.91**	**5.8**

*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

Looking ahead, China is expected to lead global oil demand in **2024**. Healthy economic and services sector activity in 2023 is expected to continue into 2024, albeit with less momentum. In addition, expected healthy manufacturing and driving activity is expected to strengthen diesel and gasoline demand. Growing petrochemical capacity in China's Shandong-based Yulong Petrochemical plant – which should start its 400 tb/d refining complex in 1H24 – is expected to strengthen petrochemical feedstock demand, thus boosting demand for naphtha in the near term. Additionally, China's jet fuel demand is expected to increase further on the prospect of continuing rising air transportation demand. Forward-looking indicators also point towards healthy oil demand in the near term. Accordingly, oil demand in China is anticipated to grow by a healthy 565 tb/d, y-o-y, in 1H24.

Overall in 2024, despite an expected easing in the momentum of China's GDP growth compared with 2023, oil demand is expected to be supported by sustained healthy services sector activity, a recovery in manufacturing activity, and petrochemical sector requirements. Moreover, a further surge in international air travel is expected, as China has lifted the ban on overseas group tours. This could encourage more people to travel abroad. Furthermore, demand for light distillates is also expected to continue rising, due to a sustained expansion in the petrochemical industry. Increased transportation activity is expected to boost demand for gasoline and diesel. China's oil demand is anticipated to expand by a healthy 630 tb/d, y-o-y, for the year.

In **2025**, demand for all products is expected to recover fully to pre-pandemic levels, and China's GDP is projected to remain healthy, though below 2024 figures. China is also projected to be a global leader in petrochemical feedstock demand, while its jet fuel demand is expected to rise on the prospect of strengthening air transportation requirements. Finally, manufacturing and construction activity is also expected to accelerate on the back of healthy economic activity in 2025. The country is projected to post healthy oil demand growth of 410 tb/d, y-o-y.

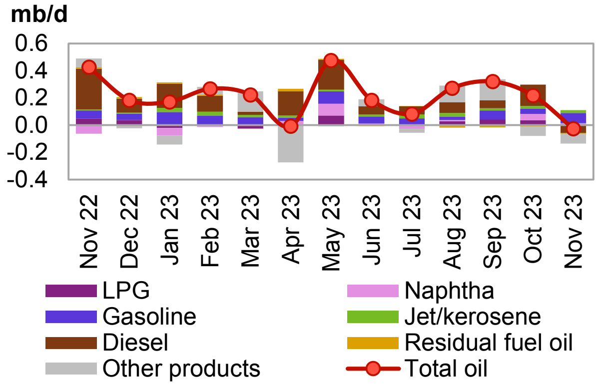
India

Update on the latest developments

Oil demand in India in November declined by 26 tb/d, y-o-y, after attaining 218 tb/d growth the previous month. This is about 6% lower than the same period a year earlier. Demand was subdued because of strong baseline effects amid reduced petrochemical feedstock requirements.

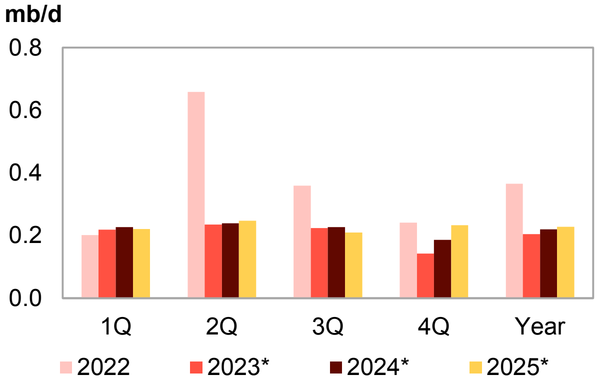
The largest declines were recorded in the 'other products' category, which fell by 71 tb/d, y-o-y, for two consecutive months. Demand for bitumen was negatively affected during the month by a slowdown in road construction activity due to heavy rainfall and delivery delays caused by holidays during the month. Diesel demand weakened by 58 tb/d, y-o-y, compared with growth of 157 tb/d the previous month. Despite the weakness, both industrial and agricultural activities were relatively healthy during the month. The decline in diesel growth was largely due to baseline effects. Residual fuels also softened by 7 tb/d, y-o-y, a slight improvement from the annual decline of 8 tb/d seen in October. In terms of petrochemical feedstock, LPG expanded by 7 tb/d y-o-y, with consumption over the month largely driven by domestic use requirements. Naphtha demand increased by 6 tb/d.

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



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

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



*Note: * 2023 = Estimate and 2024-2025 = Forecast.*
Source: OPEC.

On the positive side, gasoline demand increased by 76 tb/d, y-o-y, up from the 39 tb/d seen the previous month. The increase was supported by healthy mobility, as vehicle sales in India increased by 18.46%, y-o-y, in November. On the back of steady air travel recovery, jet/kerosene increased by 21 tb/d, y-o-y, up from the 19 tb/d annual increase seen the previous month.

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

By product	Nov 22	Nov 23	Change Nov 23/Nov 22 Growth	%
LPG	0.96	0.97	0.01	0.8
Naphtha	0.30	0.30	0.01	1.9
Gasoline	0.81	0.89	0.08	9.4
Jet/kerosene	0.17	0.19	0.02	11.9
Diesel	1.94	1.89	-0.06	-3.0
Fuel oil	0.12	0.12	-0.01	-5.7
Other products	1.04	0.97	-0.07	-6.8
Total	**5.34**	**5.32**	**-0.03**	**-0.5**

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

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

Near-term expectations

In the near term, India's economic growth is expected to remain robust on the back of ongoing economic and business activity, amid the government's proposed programme to build and finance sustainable infrastructure, which is expected to support India's oil demand in 1H24. Moreover, forward-looking indicators show healthy manufacturing and services PMIs, suggesting strong prospects for oil demand in the near term.

In **1H24**, oil demand is projected to expand by an average of 233 tb/d, y-o-y. Distillates are expected to be the driver of oil demand growth, supported mostly by agriculture, construction, and manufacturing activities. Additionally, annual traditional festivities are expected to support transportation activity and boost gasoline demand. Finally, the ongoing air travel recovery is expected to bolster jet/kerosene demand. Moreover, currently, the Indian government announced the elimination of windfall taxes on diesel and jet/kerosene, which is expected to boost the demand for the two products in 2024. Overall, India is expected to see healthy oil demand growth of 220 tb/d, y-o-y, in 2024.

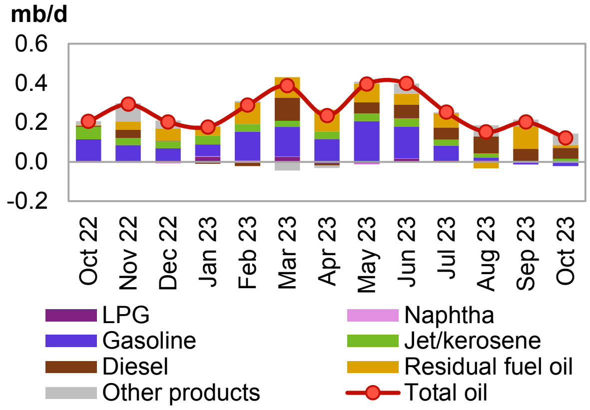
In **2025**, economic growth in India is projected to even surpass the increase seen in 2024. Similarly, manufacturing and business activities are expected to be healthy. These factors are thought to bolster oil demand in India by an average of 228 tb/d. Distillates are expected to be the main driver of demand, followed by the 'other products' category. Similarly, demand for transportation fuels and petrochemical feedstock is expected to remain healthy to support oil demand over the year.

Latin America

Update on the latest developments

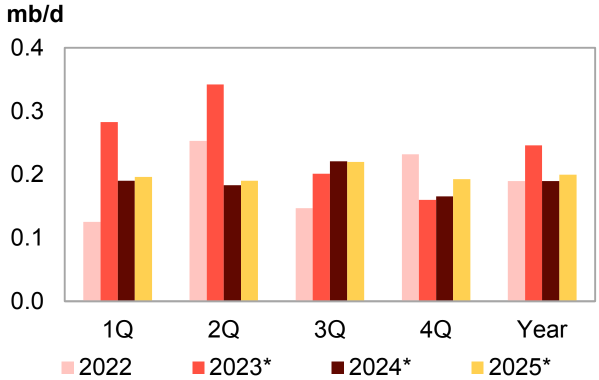
Oil demand in **Latin America** increased by 85 tb/d y-o-y in October, down from growth of 176 tb/d the previous month. The bulk of oil demand growth in the region came from Brazil for the third consecutive month.

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



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

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



*Note: * 2023 = Estimate and 2024-2025 = Forecast.*
Source: OPEC.

In terms of specific product demand, the 'other product' category was the main driver of demand in October, with y-o-y growth of 59 tb/d, above the 34 tb/d y-o-y increase seen in the previous month. In addition, diesel expanded by 56 tb/d, y-o-y, from growth of 61 tb/d in September. Jet/kerosene saw growth of 14 tb/d, y-o-y, up from growth of 5 tb/d recorded a month earlier. However, gasoline demand declined by 21 tb/d, y-o-y, from decline of 10 tb/d seen in September. Finally, in terms of petrochemical feedstock, demand for both LPG and naphtha have remained broadly flat for three consecutive months.

Near-term expectations

Looking ahead, near-term oil demand in the region is expected to remain relatively strong amid projected healthy economic growth, with a steady recovery in air travel and ongoing support from the services and manufacturing sectors, which are anticipated to support regional oil demand growth of 187 tb/d, y-o-y, in 1H24. Overall in **2024**, continued healthy economic activity – combined with improvements in both manufacturing activity and air travel – is expected to support oil demand to grow by 190 tb/d, y-o-y. The oil demand growth outlook sees demand for transportation fuel expanding the most, followed by diesel and petrochemical feedstock.

In **2025**, economic activity in the region is expected to remain healthy as GDP growth is projected to surpass that of 2024. Furthermore, both transportation and manufacturing activity are expected to be steady, thus supporting average oil demand growth of 200 tb/d, y-o-y. Transportation fuels, including gasoline, jet/ kerosene and diesel, are expected to drive demand growth, supported by diesel and an uptick in demand for LPG and residual fuels.

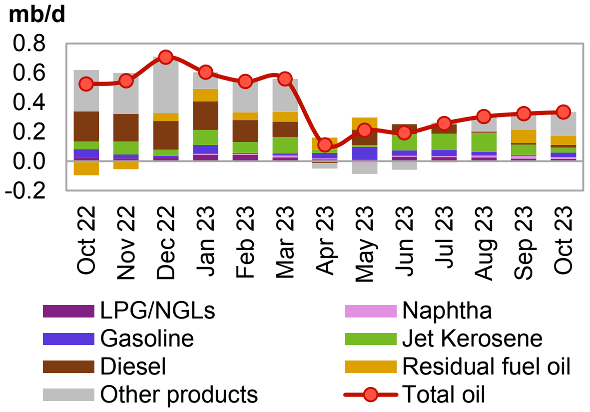
Middle East

Update on the latest developments

Oil demand in the **Middle East** surged further by 334 tb/d y-o-y in October, up from annual growth of 323 tb/d seen in September. This was mostly supported by demand for the 'other products' category from Iraq and Saudi Arabia.

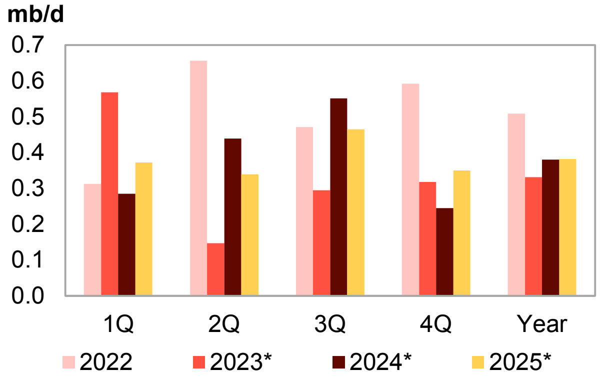
Ongoing strong oil demand in the region has been supported by healthy economic activity. The composite PMI in Saudi Arabia and the UAE has consistently been on an expansionary trajectory for over a year. In October, the 'other products' category led demand growth by 161 tb/d y-o-y, which was higher than the 109 tb/d seen the previous month. Demand was supported by direct burning and industrial sector requirements, according to a report from the General Authority for Statistics of Saudi Arabia/Haver Analytics. The index of industrial production (IIP) in Saudi Arabia has been consistently above 100 for more than a year. In October, the IIP was at 122. Residual fuels posted growth of 62 tb/d y-o-y, slightly below the 91 tb/d increase seen the previous month.

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



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

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



*Note: * 2023 = Estimate and 2024-2025 = Forecast.*
Source: OPEC.

On the back of healthy air travel activity, jet/kerosene in the region recorded y-o-y growth of 35 tb/d, slightly below the 68 tb/d seen the previous month. According to a report from IATA, Middle Eastern carriers posted strong results in October, with international RPKs increasing by 24.1% y-o-y and 6.6% over 2019 levels. The number of available seats was nevertheless still below those of 2019 by 2.7%, while high demand pushed the monthly load factor up by 7% to reach 80.6% of pre-pandemic levels. Gasoline demand growth rose by 31 tb/d on the back of healthy transportation activity, slightly above the 8 tb/d seen the previous month. In terms of petrochemical feedstock, LPG posted growth of 15 tb/d, y-o-y, and naphtha saw growth of 13 tb/d, y-o-y. Finally, diesel demand increased by 17 tb/d, y-o-y.

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

			Change	*Nov 23/Nov 22*
By product	**Nov 22**	**Nov 23**	**Growth**	**%**
LPG	0.07	0.07	0.00	5.3
Naphtha	0.00	0.01	0.01	900.0
Gasoline	0.18	0.19	0.01	7.1
Jet/kerosene	0.08	0.05	-0.02	-30.6
Diesel	0.16	0.15	0.00	-1.9
Fuel oil	0.18	0.25	0.07	41.7
Other products	0.15	0.11	-0.04	-24.4
Total	**0.81**	**0.84**	**0.04**	**4.7**

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

Near-term expectations

Looking ahead, the current momentum of economic activity in the region is expected to be sustained in 1H24. In addition, the energy-rich region is set to focus more on developing petrochemical projects, taking advantage of the higher margins from these facilities and stronger global demand for petrochemicals. Furthermore, strong growth in international air traffic is also expected to continue. Accordingly, these factors are expected to support oil demand growth in the region, which is forecast to expand by a healthy 362 tb/d, y-o-y, in 1H24. Moreover, composite PMIs in Saudi Arabia and the UAE point to healthy economic and business activity in the near term. Overall, in **2024**, the economic activity in the region is expected to remain healthy. GDP growth rates are forecast to surpass those of 2023. In addition, transportation activity is expected to remain healthy, supporting gasoline, transportation diesel and jet/kerosene. Accordingly, the Middle East is expected to see growth of 380 tb/d, y-o-y. The bulk of demand growth is expected to come from Iraq, Saudi Arabia, and the UAE.

In **2025**, economic growth in the region is projected to surpass 2024, in addition, the ongoing momentum in construction and other economic activity, particularly in Saudi Arabia, Iraq and UAE is expected to remain steady. These factors are expected to support the demand for transportation fuels and other distillates in the region. Similarly, as the region is well placed to capture a big slice of the global growth in petrochemical demand due to its plants' economies of scale, vast energy resources, relatively low production costs and proximity to key markets, demand for petrochemical feedstock are expected to accelerate to support oil demand growth. Accordingly, in 2025, oil demand in the region is expected to expand by an average of 382 tb/d, y-o-y.

World Oil Supply

Non-OPEC liquids production in 2023 is estimated to grow by 2.1 mb/d, y-o-y, reaching 69.1 mb/d. Upward revisions to the estimation for the US, Russia and Latin America offset downward revisions to Africa, Canada, OECD Europe and Other Eurasia.

US crude and condensate production, as well as NGL output, remained robust. In October, total US liquids output maintained a record high of 21.6 mb/d for two consecutive months, demonstrating a persistent overperformance. Accordingly, US liquids supply growth for 2023 is estimated at 1.5 mb/d. In addition to the US, the other main growth drivers for 2023 are estimated to be Brazil, Kazakhstan, Norway, Guyana, Mexico and China.

Non-OPEC liquids production in 2024 is forecast to grow by 1.3 mb/d to average 70.4 mb/d (including 50 tb/d in processing gains). OECD liquids supply is forecast to increase by 0.9 mb/d to average 33.5 mb/d, while non-OECD liquids supply is seen growing by 0.4 mb/d to average 34.4 mb/d. The main drivers for the expected growth are the US, Canada, Guyana, Brazil, Norway and Kazakhstan. In addition to the US shale basins which account for about 49% of expected non-OPEC liquids supply growth, offshore projects – mainly in Latin America – are expected to substantially support growth this year. At the same time, production is forecast to see the largest decline in Mexico and Angola.

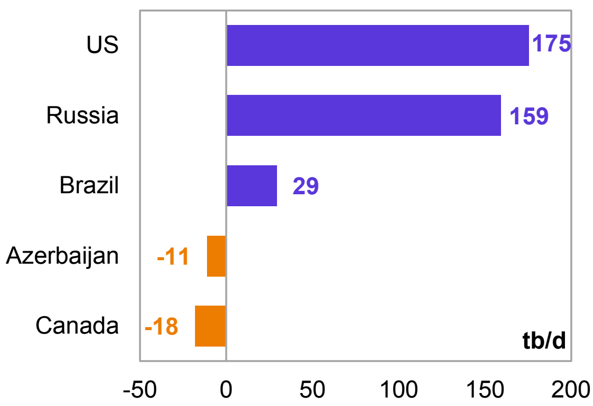
In 2025, non-OPEC liquids production is forecast to grow by 1.3 mb/d to average 71.7 mb/d (including 60 tb/d in processing gains). OECD liquids supply is forecast to increase next year by 0.8 mb/d, and the non-OECD region is projected to grow by 0.4 mb/d. The main drivers for liquids supply growth are expected to be the US, Brazil, Canada, Norway, Kazakhstan and Guyana. At the same time, production is forecast to see a major drop in Mexico.

OPEC NGLs and non-conventional liquids production in 2023 is estimated to grow by about 50 tb/d to average 5.4 mb/d. It is expected to increase by around 60 tb/d to average 5.5 mb/d in 2024 and an additional growth of 110 tb/d is forecast in 2025, averaging 5.6 mb/d. OPEC-12 crude oil production in December increased by 73 tb/d, m-o-m, to average 26.70 mb/d, according to available secondary sources.

Non-OPEC liquids production in December, including OPEC NGLs, is estimated to have decreased by 0.5 mb/d, m-o-m, to average 74.2 mb/d. This represents an increase of 1.3 mb/d, y-o-y. As a result, preliminary data indicates that December's global oil supply was down by 0.41 mb/d, m-o-m, to average 100.9 mb/d, while increasing 0.19 mb/d, y-o-y.

Non-OPEC liquids production in 2023 is estimated to grow by 2.1 mb/d, y-o-y, reaching 69.1 mb/d. Upward revisions to the estimation for the US, Russia and Latin America offset downward revisions to Africa, Canada, OECD Europe and Other Eurasia. Overall OECD supply growth for 2023 is revised up. While OECD Europe sees a downward revision due to the UK and Norway, OECD Americas is revised up owing to the US. OECD Asia Pacific's output growth is estimated to marginally decline. The non-OECD supply growth estimation for 2023 is revised up to 0.4 mb/d, y-o-y. Latin America is estimated to be the main growth driver in the non-OECD region, followed by Other Eurasia and China.

Graph 5 - 1: Major revisions to annual supply change forecast in 2023*, MOMR Jan 24/Dec 23

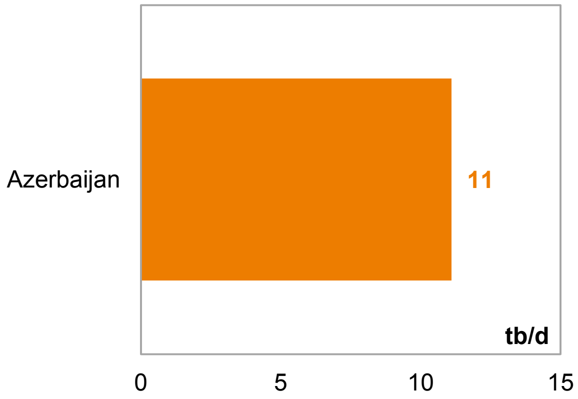


*Note: * 2023 = Estimate. Source: OPEC.*

The **non-OPEC liquids production** growth forecast in **2024** slightly revised down from the previous month's assessment to 1.3 mb/d.

Upward revisions to the supply forecasts of Azerbaijan are primarily offset by downward changes due to Angola's growth expectation.

Graph 5 - 2: Major revisions to annual supply change forecast in 2024*, MOMR Jan 24/Dec 23

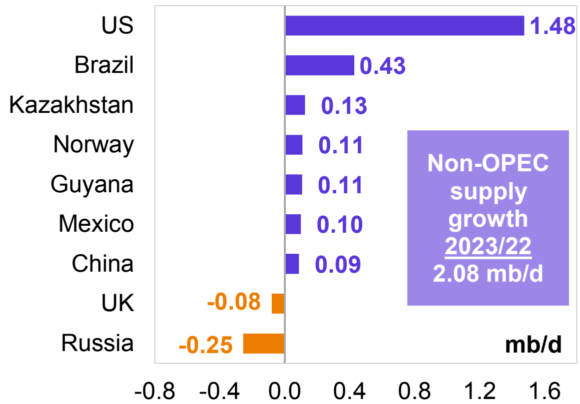


*Note: * 2024 = Forecast. Source: OPEC.*

Key drivers of growth and decline

The **key drivers of non-OPEC liquids supply growth in 2023** are estimated to be the US, Brazil, Kazakhstan, Norway, Guyana, Mexico and China, while oil production is estimated to see the biggest declines in Russia and the UK.

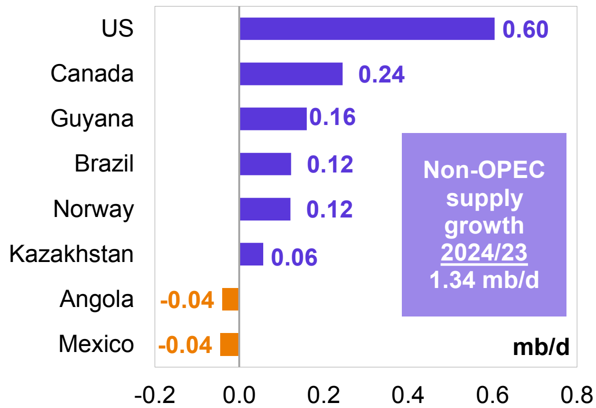
Graph 5 - 3: Annual liquids production changes, y-o-y, for selected countries in 2023*



*Note: * 2023 = Estimate. 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 decline in Mexico and Angola.

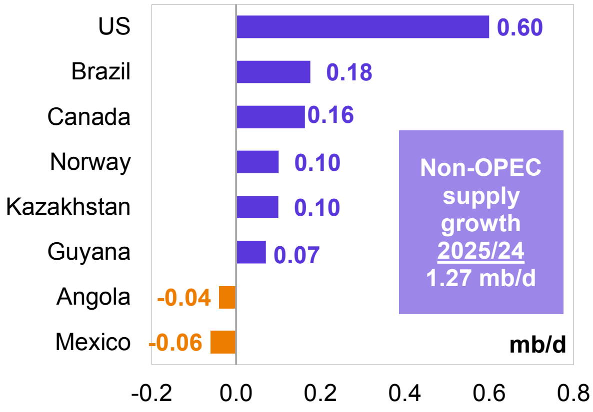
Graph 5 - 4: Annual liquids production changes, y-o-y, for selected countries in 2024*



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

The key drivers of growth for non-OPEC supply in **2025** are forecast to be the US, Brazil, Canada, Norway, Kazakhstan and Guyana, while oil production is anticipated to see the main drops in Mexico and Angola.

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



Note: * 2025 = Forecast. Source: OPEC.

Non-OPEC liquids production in 2023, 2024 and 2025

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

Non-OPEC liquids production	2022	1Q23	2Q23	3Q23	4Q23	2023	Change 2024/23 Growth	%
Americas	26.91	27.90	28.18	29.03	28.87	28.50	1.58	5.88
of which US	*19.28*	*20.10*	*20.70*	*21.21*	*21.01*	*20.76*	*1.48*	*7.65*
Europe	3.58	3.69	3.65	3.55	3.64	3.63	0.05	1.41
Asia Pacific	0.48	0.45	0.45	0.44	0.45	0.45	-0.03	-6.00
Total OECD	**30.97**	**32.04**	**32.28**	**33.02**	**32.96**	**32.58**	**1.61**	**5.18**
China	4.48	4.63	4.63	4.49	4.52	4.57	0.09	1.95
India	0.77	0.76	0.78	0.78	0.77	0.77	0.00	0.05
Other Asia	2.30	2.31	2.25	2.24	2.27	2.27	-0.03	-1.41
Latin America	6.34	6.69	6.76	7.06	7.19	6.93	0.59	9.34
Middle East	3.29	3.27	3.29	3.27	3.27	3.27	-0.01	-0.38
Africa	2.46	2.32	2.41	2.44	2.44	2.40	-0.06	-2.59
Russia	11.03	11.19	10.86	10.78	10.29	10.78	-0.25	-2.31
Other Eurasia	2.83	2.99	2.93	2.81	2.93	2.92	0.09	3.09
Other Europe	0.11	0.11	0.10	0.10	0.10	0.10	0.00	-3.68
Total Non-OECD	**33.61**	**34.28**	**34.01**	**33.97**	**33.78**	**34.01**	**0.40**	**1.19**
Total Non-OPEC production	64.59	66.32	66.29	66.99	66.75	66.59	2.01	3.10
Processing gains	2.40	2.47	2.47	2.47	2.47	2.47	0.07	2.96
Total Non-OPEC liquids production	**66.98**	**68.79**	**68.76**	**69.46**	**69.21**	**69.06**	**2.08**	**3.10**

*Note: * 2023 = Estimate.*
Non-OPEC supply includes Angola.
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	28.50	28.96	29.00	29.47	29.78	29.30	0.80	2.82
of which US	*20.76*	*21.02*	*21.24*	*21.51*	*21.67*	*21.36*	*0.60*	*2.91*
Europe	3.63	3.84	3.72	3.67	3.81	3.76	0.13	3.49
Asia Pacific	0.45	0.46	0.43	0.44	0.42	0.44	-0.01	-2.94
Total OECD	**32.58**	**33.25**	**33.15**	**33.57**	**34.01**	**33.50**	**0.92**	**2.82**
China	4.57	4.59	4.58	4.55	4.55	4.57	0.00	0.06
India	0.77	0.79	0.79	0.79	0.78	0.79	0.01	1.70
Other Asia	2.27	2.25	2.23	2.21	2.21	2.22	-0.05	-2.08
Latin America	6.93	7.14	7.17	7.29	7.37	7.24	0.31	4.54
Middle East	3.27	3.28	3.31	3.30	3.31	3.30	0.03	0.86
Africa	2.40	2.36	2.36	2.40	2.43	2.39	-0.01	-0.57
Russia	10.78	10.74	10.78	10.79	10.79	10.77	0.00	-0.04
Other Eurasia	2.92	2.93	3.01	2.99	3.03	2.99	0.08	2.64
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	-1.15
Total Non-OECD	**34.01**	**34.19**	**34.33**	**34.43**	**34.57**	**34.38**	**0.37**	**1.09**
Total Non-OPEC production	66.59	67.44	67.48	68.00	68.58	67.88	1.29	1.93
Processing gains	2.47	2.52	2.52	2.52	2.52	2.52	0.05	2.03
Total Non-OPEC liquids production	**69.06**	**69.96**	**70.00**	**70.52**	**71.10**	**70.40**	**1.34**	**1.94**

*Note: * 2024 = Forecast.*
Non-OPEC supply includes Angola.
Totals may not add up due to independent rounding.
Source: OPEC.

Table 5 - 3: Non-OPEC liquids production in 2025*, mb/d

Non-OPEC liquids production	2024	1Q25	2Q25	3Q25	4Q25	2025	*Change 2025/24* Growth	%
Americas	29.30	29.82	29.72	30.09	30.38	30.00	0.70	2.40
of which US	*21.36*	*21.72*	*21.87*	*22.07*	*22.19*	*21.96*	*0.60*	*2.81*
Europe	3.76	3.94	3.81	3.79	3.90	3.86	0.10	2.67
Asia Pacific	0.44	0.43	0.42	0.43	0.43	0.43	-0.01	-1.79
Total OECD	**33.50**	**34.18**	**33.95**	**34.31**	**34.71**	**34.29**	**0.79**	**2.37**
China	4.57	4.61	4.59	4.55	4.55	4.57	0.01	0.12
India	0.79	0.78	0.79	0.80	0.80	0.80	0.01	1.00
Other Asia	2.22	2.21	2.17	2.14	2.14	2.16	-0.06	-2.64
Latin America	7.24	7.44	7.47	7.54	7.60	7.51	0.27	3.69
Middle East	3.30	3.32	3.35	3.34	3.34	3.34	0.03	1.04
Africa	2.39	2.41	2.40	2.40	2.40	2.40	0.02	0.71
Russia	10.77	10.81	10.80	10.79	10.82	10.81	0.03	0.28
Other Eurasia	2.99	3.09	3.13	3.07	3.11	3.10	0.11	3.69
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	1.97
Total Non-OECD	**34.38**	**34.77**	**34.81**	**34.74**	**34.87**	**34.80**	**0.42**	**1.21**
Total Non-OPEC production	67.88	68.96	68.76	69.05	69.58	69.09	1.21	1.78
Processing gains	2.52	2.58	2.58	2.58	2.58	2.58	0.06	2.38
Total Non-OPEC liquids production	**70.40**	**71.54**	**71.34**	**71.63**	**72.16**	**71.67**	**1.27**	**1.80**

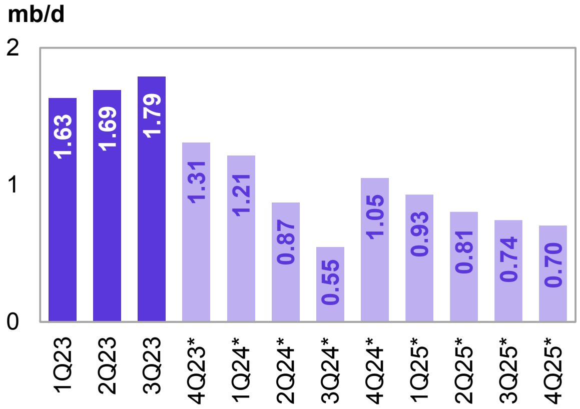
*Note: * 2025 = Forecast.*
Non-OPEC supply includes Angola.
Totals may not add up due to independent rounding.
Source: OPEC.

OECD

OECD liquids production in 2023 is estimated to expand by 1.6 mb/d to average 32.6 mb/d. An adjustment was made upward following revisions in OECD Americas.

Growth is set to be led by OECD Americas, which is estimated to expand by 1.6 mb/d to average 28.5 mb/d. This is up by about 160 tb/d compared with the previous month's assessment. Yearly liquids production in OECD Europe is estimated to grow by 0.1 mb/d to average 3.6 mb/d. This is down by 11 tb/d compared with the previous assessment. OECD Asia Pacific is estimated to decline by about 29 tb/d, y-o-y, to average 0.4 mb/d.

Graph 5 - 6: OECD quarterly liquids supply, y-o-y changes



*Note: * 4Q23-4Q25 = Forecast. Source: OPEC.*

For **2024**, OECD liquids production is likely to grow by 0.9 mb/d to average 33.5 mb/d. Growth will once again be led by OECD Americas, with an expected increase of 0.8 mb/d for an average of 29.3 mb/d. Yearly liquids production in OECD Europe is expected to grow by 0.1 mb/d to average 3.8 mb/d, while OECD Asia Pacific is expected to decline by 13 tb/d, y-o-y, to average 0.4 mb/d.

OECD liquids production is forecast to grow by 0.8 mb/d to average 34.3 mb/d in **2025**. OECD Americas is expected to be the main growth driver, with an expected increase of 0.7 mb/d for an average of 30.0 mb/d. Yearly liquids production in OECD Europe is expected to grow by 0.1 mb/d to average 3.9 mb/d, while OECD Asia Pacific is expected to decline by a minor 8 tb/d, y-o-y, to average 0.4 mb/d.

OECD Americas

US

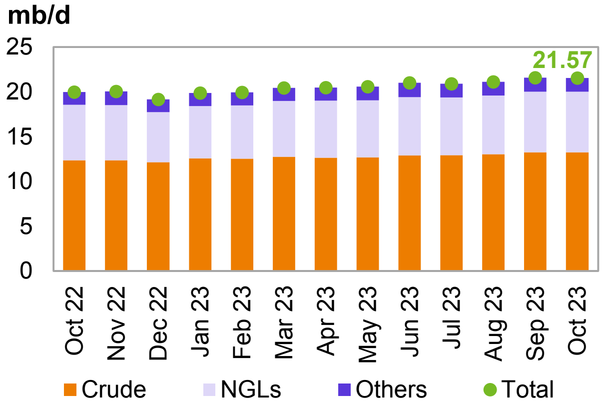
US liquids production in **October** fell by a minor 12 tb/d, m-o-m, to average 21.6 mb/d, very close to the highest level on record set in September 2023. This was up by 1.6 mb/d compared with October 2022.

Crude oil and condensate production remained largely unchanged, m-o-m, at an average of 13.2 mb/d in **October**. This was up by 0.9 mb/d, y-o-y.

In terms of **crude and condensate production breakdowns by region (PADDs)**, production decreased marginally on the US Gulf Coast (USGC) by about 7 tb/d to average 9.6 mb/d. Production in the East and West Coast regions rose by 8 tb/d each. Output in the Rocky Mountain rose by 17 tb/d, while the Midwest showed a drop of 31 tb/d, m-o-m.

The drop in production in the main regions was primarily driven by lower output in the offshore Gulf of Mexico (GoM) and North Dakota producing wells, while output at the main producing basins in Texas and New Mexico increased.

Graph 5 - 7: US monthly liquids output by key component



Sources: EIA and OPEC.

NGL production was up by about 17 tb/d, m-o-m, for an average of 6.8 mb/d in October. This was higher by 0.6 mb/d, y-o-y. According to the US Department of Energy (DoE), the production of **non-conventional liquids** (mainly ethanol) fell by 25 tb/d, m-o-m, to average 1.5 mb/d. Preliminary estimates see non-conventional liquids averaging about 1.5 mb/d in November, broadly unchanged m-o-m.

GoM production dropped by 40 tb/d, m-o-m, to average 2.0 mb/d in October, but still was supported by new project ramp-ups. In the **onshore Lower 48**, crude and condensate production increased by 25 tb/d, m-o-m, to average 10.9 mb/d in October.

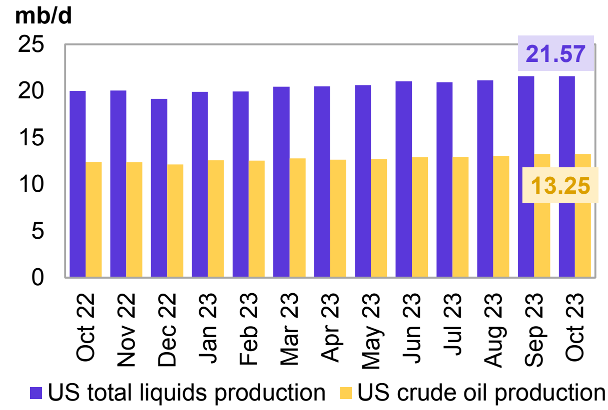
Table 5 - 4: US crude oil production by selected state and region, tb/d

State	Oct 22	Sep 23	Oct 23	*Change* m-o-m	y-o-y
Texas	5,233	5,586	5,607	*21*	*374*
Gulf of Mexico (GOM)	1,789	1,999	1,959	*-40*	*170*
New Mexico	1,730	1,822	1,836	*14*	*106*
North Dakota	1,108	1,305	1,274	*-31*	*166*
Colorado	442	458	469	*11*	*27*
Oklahoma	425	424	423	*-1*	*-2*
Alaska	435	415	426	*11*	*-9*
Total	**12,378**	**13,252**	**13,248**	***-4***	***870***

Sources: EIA and OPEC.

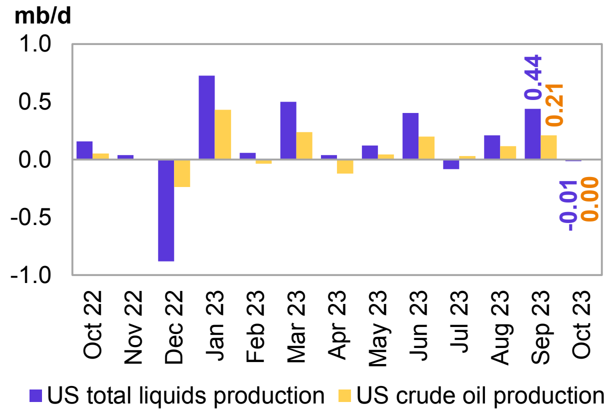
Looking at **individual US states**, New Mexico's oil production rose by 14 tb/d to average 1.8 mb/d, which is 106 tb/d higher than a year ago. Production from Texas was up by 21 tb/d to average 5.6 mb/d, which is 374 tb/d higher than a year ago. In the Midwest, North Dakota's production fell by 31 tb/d, m-o-m, to average 1.3 mb/d, up 166 tb/d, y-o-y, while Oklahoma's production remained largely unchanged, m-o-m, at average 0.4 mb/d. Production in Alaska and Colorado rose by 11 tb/d each, m-o-m.

Graph 5 - 8: US monthly crude oil and total liquids supply



Sources: EIA and OPEC.

Graph 5 - 9: US monthly crude oil and total liquids supply, m-o-m changes



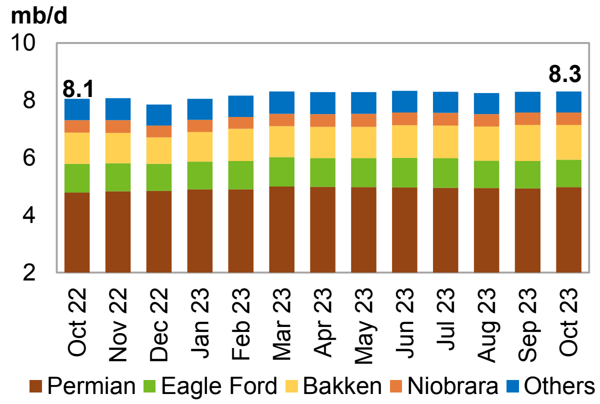
Sources: EIA and OPEC.

US tight crude output in **October** is estimated to have risen by a minor 5 tb/d, m-o-m, to average 8.3 mb/d, according to the latest estimates by the US Energy Information Administration (EIA). This was 0.3 mb/d higher than 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 41 tb/d for an average of 5.0 mb/d. This was up by 191 tb/d, y-o-y.

In North Dakota, Bakken shale oil output fell by 30 tb/d, m-o-m, averaging 1.2 mb/d, up by 139 tb/d, y-o-y. Tight crude output at Eagle Ford in Texas dropped by a minor 4 tb/d to average 1.0 mb/d, down by 54 tb/d, y-o-y. Production at Niobrara-Codell in Colorado and Wyoming was unchanged at an average of 431 tb/d.

Graph 5 - 10: US tight crude output breakdown

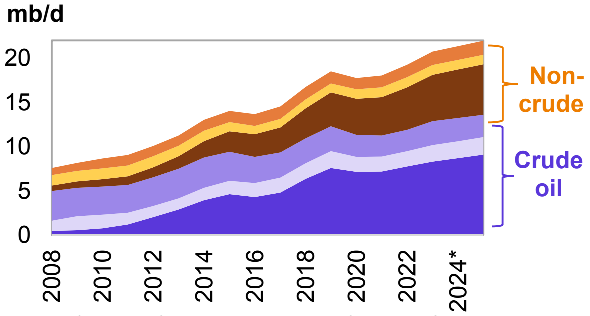


Sources: EIA and OPEC.

US liquids production in **2023**, excluding processing gains, is estimated to expand by 1.5 mb/d, y-o-y, to average 20.8 mb/d, given the stronger-than-expected output in recent months and considering the EIA's weekly production data trend. Despite declining drilling activity since the start of this year, well productivity and operational efficiency, as well as drilled-but-uncompleted wells' usage, has helped boost production.

Given a sound level of oil field drilling and well completions, **crude oil and condensate** output is estimated to increase by 1.0 mb/d, y-o-y, to average 12.9 mb/d. Average tight crude output in 2023 is estimated at 8.3 mb/d, up by 0.6 mb/d, y-o-y.

Graph 5 - 11: US liquids supply developments by component



*Note: * 2023 = Eatimate and 2024-2025 = Forecast.*
Source: OPEC.

At the same time, NGL production and non-conventional liquids, particularly ethanol, are estimated to increase by 0.4 mb/d and 81 tb/d, y-o-y, to average 6.3 mb/d and 1.5 mb/d, respectively.

US liquids production in **2024**, excluding processing gains, is expected to grow by 0.6 mb/d, y-o-y, to average 21.4 mb/d, assuming a modest level of drilling activity and less supply chain/logistical issues at the prolific Permian, Bakken and Eagle Ford shale sites. **Crude oil and condensate** outputs are expected to jump by 0.3 mb/d, y-o-y, to average 13.2 mb/d. At the same time, NGL production and that of non-conventional liquids, particularly ethanol, are projected to increase by 0.2 mb/d and 30 tb/d, y-o-y, to average 6.6 mb/d and 1.6 mb/d, respectively.

Average tight crude output in 2024 is expected to reach 8.7 mb/d, up by 0.4 mb/d, y-o-y. The 2024 forecast assumes ongoing capital discipline and less inflationary pressure, as well as moderating supply chain issues and oil field service constraints (labour and equipment).

US liquids production, excluding processing gains, is expected to grow by 0.6 mb/d, y-o-y, to average 22.0 mb/d in **2025**, assuming a mild increase in drilling activity, lower service cost inflation and well productivity improvements at the key shale basins. **Crude oil and condensate** output is expected to jump by 0.4 mb/d, y-o-y, to average 13.6 mb/d. At the same time, NGL production and that of non-conventional liquids, particularly ethanol, are projected to increase by 0.2 mb/d and 20 tb/d, y-o-y, to average 6.8 mb/d and 1.6 mb/d, respectively. Average tight crude output in 2025 is expected to reach 9.1 mb/d, up by 0.4 mb/d, y-o-y. The 2025 forecast assumes ongoing capital discipline and less inflationary pressure in the US upstream sector.

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

US liquids	2023*	Change 2023/22	2024*	Change 2024/23	2025*	Change 2025/24
Tight crude	8.30	0.55	8.70	0.40	9.10	0.40
Gulf of Mexico crude	1.87	0.14	1.90	0.03	1.97	0.07
Conventional crude oil	2.72	0.29	2.63	-0.09	2.54	-0.09
Total crude	**12.89**	**0.98**	**13.23**	**0.34**	**13.61**	**0.38**
Unconventional NGLs	5.23	0.45	5.48	0.26	5.70	0.22
Conventional NGLs	1.12	-0.03	1.09	-0.03	1.07	-0.02
Total NGLs	**6.35**	**0.41**	**6.58**	**0.23**	**6.78**	**0.20**
Biofuels + Other liquids	1.52	0.08	1.55	0.03	1.57	0.02
US total supply	**20.76**	**1.48**	**21.36**	**0.60**	**21.96**	**0.60**

*Note: * 2023 = Estimate, 2024-2025 = Forecast.*

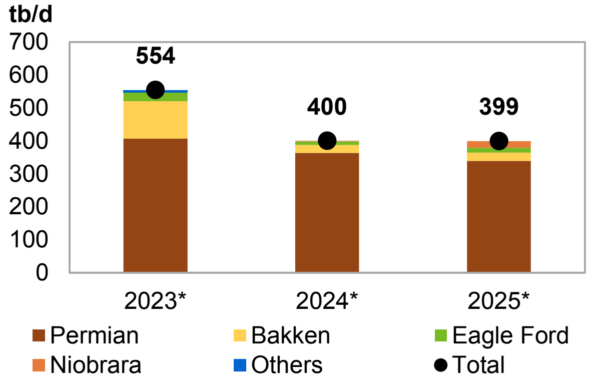
Sources: EIA, OPEC and Rystad Energy.

US tight crude production in the **Permian** during 2023 is estimated to increase by 0.4 mb/d, y-o-y, to average 5.0 mb/d. In 2024, it is forecast to grow by 0.4 mb/d, y-o-y, to average 5.4 mb/d, while a growth of 0.3 mb/d is expected for 2025.

In North Dakota, **Bakken** shale production is still expected to remain below the pre-pandemic average of 1.4 mb/d. In 2023, growth is estimated at 0.1 mb/d for an average of 1.1 mb/d. Growth of just 25 tb/d is expected for 2024 and 2025, respectively, for an average of 1.2 mb/d in both years, demonstrating maturity in the basin.

The **Eagle Ford** in Texas saw an output of 1.2 mb/d in 2019, followed by declines from 2020 to 2022 and no growth in 2022. With an estimated growth of about 27 tb/d for 2023, output rests at an average of 1.0 mb/d. At the same time, minor growth of 10 tb/d and 15 tb/d is expected for 2024 and 2025 respectively.

Graph 5 - 12: US tight crude output by shale play, y-o-y changes



Note: * 2023 = Estimate and 2024-2025 = Forecast.
Sources: EIA and OPEC.

Niobrara's production is estimated to remain largely unchanged, y-o-y, in 2023, with an average of 434 tb/d. Following no meaningful expected growth for 2024, output is forecast to rise by 20 tb/d in 2025. With a modest pace of drilling and completion activities, production in other tight plays is estimated to show an increase of 7 tb/d in 2023, before remaining steady in 2024 and 2025.

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

US tight oil	2023*	Change 2023/22	2024*	Change 2024/23	2025*	Change 2025/24
Permian tight	4.99	0.41	5.35	0.36	5.69	0.34
Bakken shale	1.14	0.11	1.17	0.03	1.19	0.03
Eagle Ford shale	0.99	0.03	1.00	0.01	1.02	0.02
Niobrara shale	0.43	0.00	0.44	0.00	0.46	0.02
Other tight plays	0.74	0.01	0.74	0.00	0.74	0.00
Total	**8.30**	**0.55**	**8.70**	**0.40**	**9.10**	**0.40**

Note: * 2023 = Estimate and 2024-2025 = Forecast.

Source: OPEC.

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

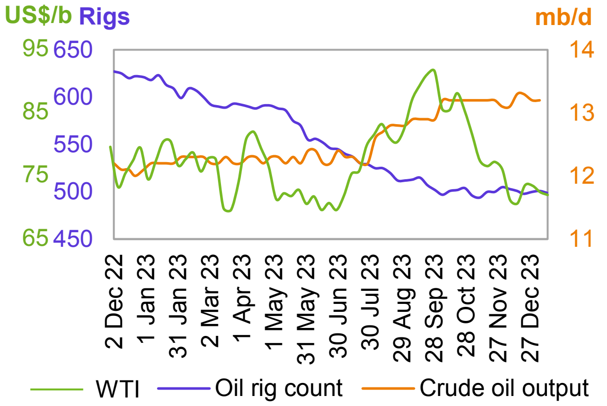
The total number of **active US drilling rigs** in the week ending 5 January 2024 fell by one to 621, according to Baker Hughes, 51 rigs less than a year ago. The number of active offshore rigs remained unchanged, w-o-w, at 20. This was four higher than the same month a year earlier. Onshore oil and gas rigs were lower by one, w-o-w, to stand at 601, with no rigs in inland waters. This is down by 153 rigs, y-o-y.

The **US horizontal rig count** fell by one, w-o-w, to 564, compared with 700 horizontal rigs a year ago. The number of drilling rigs for oil increased by one, w-o-w, to 501, while the number of gas-drilling rigs fell by two, w-o-w, to 118.

The Permian's rig count rose by two, w-o-w, to 311. Rig counts remained unchanged in Williston, Eagle Ford and Niobrara at 32, 53 and 14, respectively. At the same time, the number of rigs remained unchanged, w-o-w, in Cana Woodford at 22.

Only one operating oil rig has been reported in the Barnett Basin since 17 November.

Graph 5 - 13: US weekly rig count vs. US crude oil output and WTI price



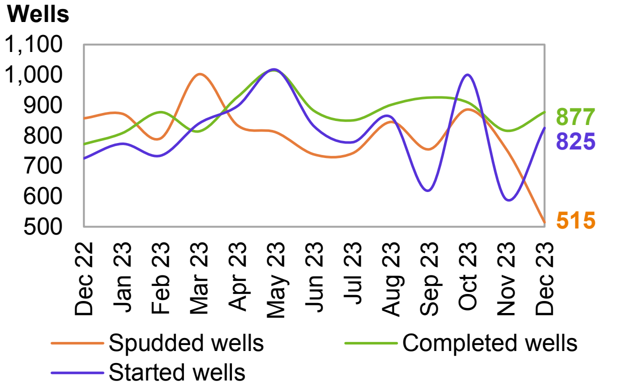
Sources: Baker Hughes, EIA and OPEC.

Drilling and completion (D&C) activities for spudded, completed and started oil-producing wells in all US shale plays included 756 horizontal wells spudded in November (as per preliminary data), based on EIA-DPR regions. This is down by 130, m-o-m, and 7% lower than in November 2022.

Preliminary data for November indicates a lower number of completed wells at 816, up by 6%, y-o-y. The number of started wells is estimated at 590, which is 20% lower than a year earlier.

Preliminary data for December 2023 saw 515 spudded, 877 completed, and 825 started wells, according to Rystad Energy.

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

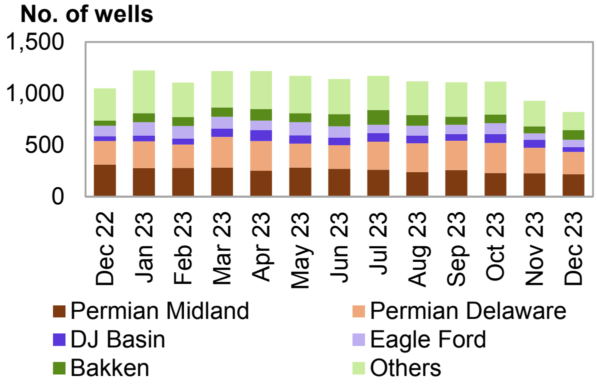


Note: Nov 23-Dec 23 = Preliminary data.
Sources: Rystad Energy and OPEC.

In terms of identified **US oil and gas fracking operations by region**, Rystad Energy reported that 1,114 wells were fracked in October. In November and December, it stated that 928 and 820 wells began fracking, respectively, according to preliminary numbers based on the analysis of high-frequency satellite data.

In regional terms, preliminary November data shows that 227 and 247 wells were fracked in Permian Midland and Permian Delaware, respectively. Compared with October, there was a decrease of two wells in the Midland region and a drop of 44 in Delaware. Data also indicates that 78 wells were fracked in the DJ Basin, 61 in Eagle Ford and 68 in Bakken during November.

Graph 5 - 15: Fracked wells count per month



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

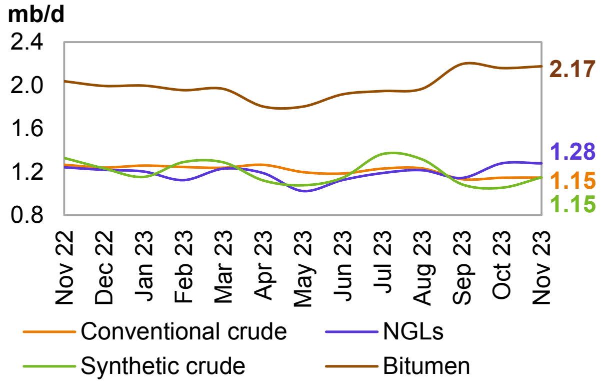
Canada

Canada's liquids production in **November** is estimated to have risen by 113 tb/d, m-o-m, to average 5.8 mb/d, as oil sands producers completed maintenance work.

Conventional crude production remained unchanged, m-o-m, in November at an average of 1.2 mb/d. At the same time, NGL output was untouched, averaging 1.3 mb/d.

Crude bitumen production output rose in November by 16 tb/d, m-o-m, while synthetic crude increased by 96 tb/d, m-o-m. Taken together, crude bitumen and synthetic crude production rose by 112 tb/d to 3.3 mb/d.

Graph 5 - 16: Canada's monthly liquids production development by type



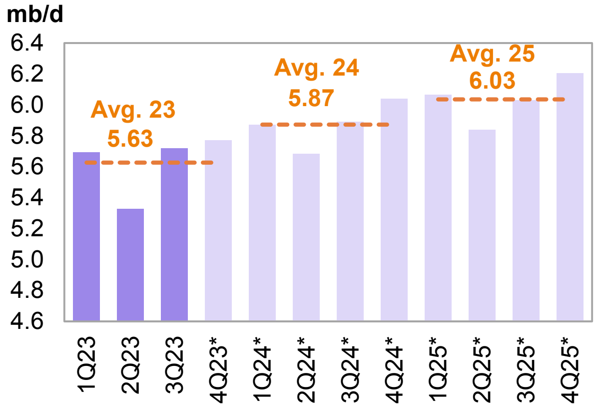
Sources: Statistics Canada, Alberta Energy Regulator and OPEC.

For **2023**, Canada's liquids production is estimated to increase by about 10 tb/d to average 5.6 mb/d. This is revised down by 18 tb/d compared with the previous month's assessment.

For **2024**, Canada's liquids production is forecast to increase at a much faster pace compared with 2023, rising by 0.2 mb/d to average 5.9 mb/d. Incremental production is expected to come through oil sands project ramp-ups and debottlenecking in areas like Montney, Kearl and Fort Hills, in addition to some conventional field growth.

Canada's liquids production is forecast to grow by 0.2 mb/d to average 6.0 mb/d in **2025**. Additional production is expected to come through oil sands project expansion and some conventional field growth. Primarily, sources of production are expected from Athabasca, Syncrude Mildred Lake, Kearl, Horizon, Christina Lake, Suncor and Foster Creek oil Sands projects. The main start-ups in 2025 are expected to be Syncrude Mildred Lake/Aurora, Narrows Lake, Lloyd Thermal, Cold Lake Oil Sands and Montney Play.

Graph 5 - 17: Canada's quarterly liquids production and forecast



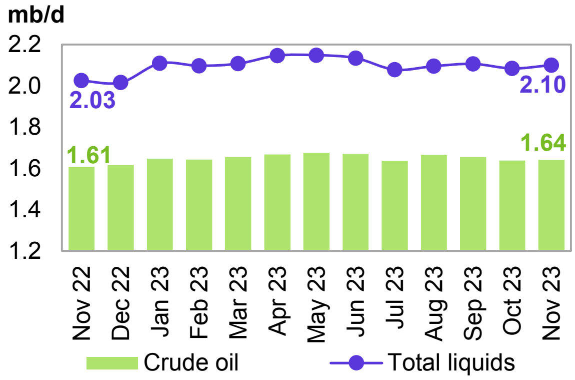
*Note: * 4Q23-4Q25 = Forecast. Source: OPEC.*

Mexico

Mexico's crude output remained largely unchanged, m-o-m, in **November** at an average of 1.6 mb/d, while NGL output rose by 13 tb/d. Mexico's total November liquids output rose by 16 tb/d, m-o-m, to average 2.1 mb/d, according to the Comisión Nacional de Hidrocarburos (CNH). This was almost in line with previous expectations.

For **2023**, liquids production is estimated to rise by about 0.1 mb/d for an average of 2.1 mb/d. This is broadly unchanged from the previous month's assessment. Declines from mature fields are expected to continue offsetting monthly gains from new fields.

Graph 5 - 18: 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 average 2.1 mb/d. In general, declines from mature fields are expected to offset any gains from new projects. 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 from a few start-ups, namely TM-01, Paki and AE-0150-Uchukil.

Mexico's liquids production is forecast to drop by 60 tb/d to average 2.0 mb/d in **2025**. Production ramp-ups in projects like Mezcalapa, Amoca-Yaxche, Okom, Tucoo-Xaxamani and Amoca-Mizton-Tecoalli are expected to be more than offset by declines in several fields such as Quesqui and Tupilco Profundo. Meanwhile, output in the Ku-Maloob-Zaap asset is expected to remain stable.

OECD Europe

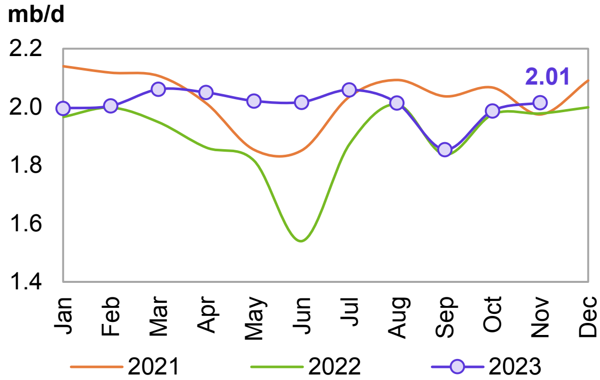
Norway

Norwegian liquids production in **November** rose by 28 tb/d, m-o-m, to average 2.0 mb/d. This was supported by a recovery from unplanned shutdowns and equipment failures in September.

Norway's crude production increased by a minor 7 tb/d, m-o-m, in November to average 1.8 mb/d, higher by 26 tb/d, y-o-y. Monthly oil production was 3.1% lower than the Norwegian Petroleum Directorate's (NPD) forecast.

Production of NGLs and condensate, meanwhile, rose by 21 tb/d, m-o-m, to average 0.2 mb/d, according to NPD data.

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



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

In **2023**, Norwegian liquids production is estimated to expand by 0.1 mb/d, remaining broadly unchanged compared with last month's forecast, for an average of 2.0 mb/d. Technical challenges, operational irregularities and periodical shut-downs have been the main causes of output declines in some offshore platforms in Norwegian fields in 2023.

For **2024**, Norwegian liquids production is forecast to grow by 120 tb/d to average 2.1 mb/d. Some small-to-large projects are scheduled to ramp up this year. At the same time, start-ups are expected at the Balder/Ringhorne, Eldfisk, Kristin, Alvheim FPSO, Hanz, Skarv Aasgard FPSO and PL636 offshore projects. Johan Castberg is projected to be the main source of output increases this year, with first oil planned to be produced in 4Q24.

Norwegian liquids production is forecast to grow by 100 tb/d to average 2.2 mb/d in **2025**. Several small-to-large scale projects are scheduled to ramp up in 2025 like Johan Castberg, Kristin, Eldfisk and Balder/Ringhorne. At the same time, start-ups are expected at the Ormen Lange, Snohvit, Halten East, Tyrving, Eirin, Norne FPSO, Maria and Verdande projects.

UK

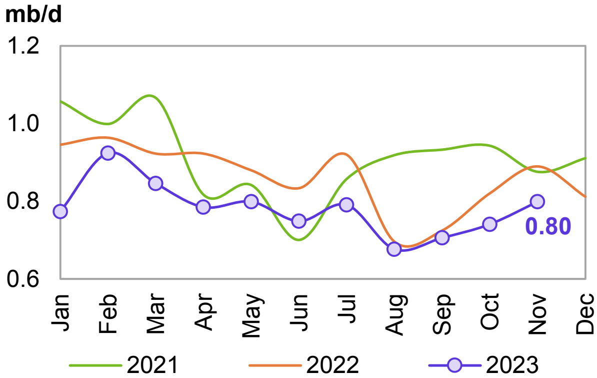
In **November**, **UK liquids production** rose by 58 tb/d, m-o-m, to average 0.8 mb/d. Crude oil output increased by 56 tb/d, m-o-m, to average 0.7 mb/d, lower by 93 tb/d, y-o-y, according to official data. NGL output remained largely unchanged to average 74 tb/d. UK liquids output in November was down by 10% compared with November 2022, mainly due to natural declines and a lower production base.

For **2023**, UK liquids production is estimated to drop by almost 80 tb/d to average 0.8 mb/d, down by about 6 tb/d from the previous month's assessment, mainly due to lower-than-expected November output.

For **2024**, UK liquids production is forecast to stay steady at an average of 0.8 mb/d. Production ramp-ups will be seen at the ETAP and Clair sites, as well as at the Anasuria and Captain enhanced oil recovery (EOR) start-up projects. The Penguins FPSO is expected to be towed out to the UK North Sea field in 1H24.

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

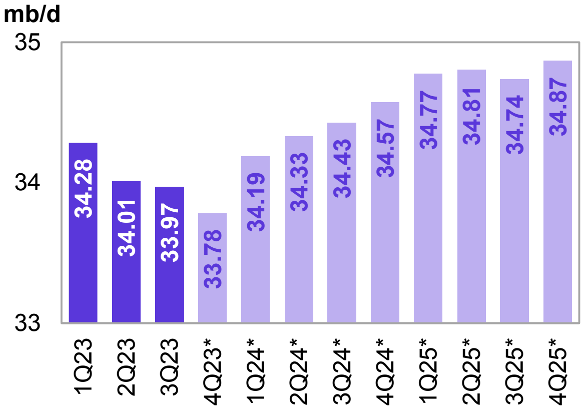
Graph 5 - 20: UK monthly liquids production development



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

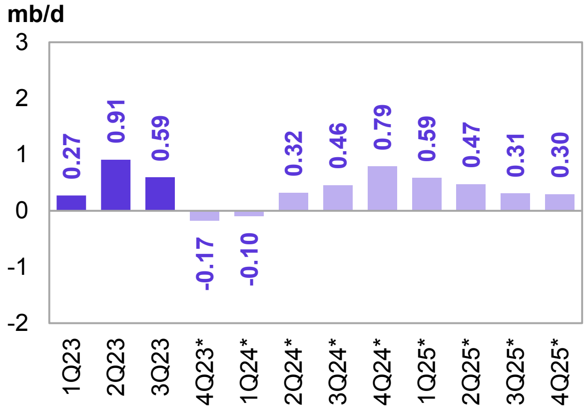
Non-OECD

Graph 5 - 21: Non-OECD quarterly liquids production and forecast



Note: * 4Q23-4Q25 = Forecast. Source: OPEC.

Graph 5 - 22: Non-OECD quarterly liquids supply, y-o-y changes

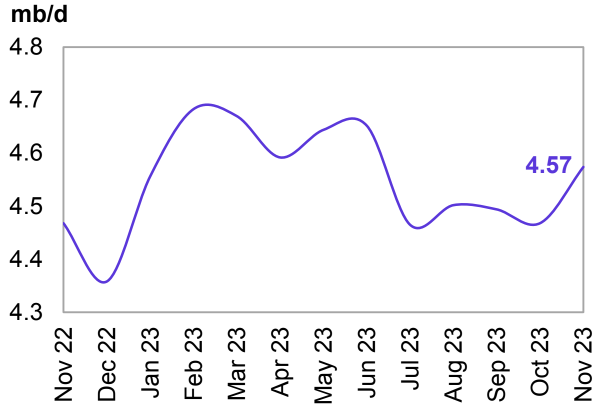


Note: * 4Q23-4Q25 = Forecast. Source: OPEC.

China

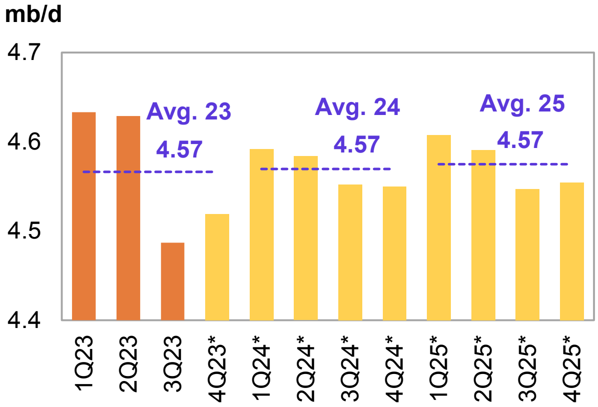
China's liquids production rose by 106 tb/d, m-o-m, to average 4.6 mb/d in **November**. This is up by 106 tb/d, y-o-y, according to official data. Crude oil output in November averaged 4.2 mb/d, up by 0.1 mb/d compared with the previous month, and higher by 0.1 mb/d, y-o-y. NGL and condensate production was largely stable, m-o-m, averaging 48 tb/d.

Graph 5 - 23: China's monthly liquids production development



Sources: CNPC and OPEC.

Graph 5 - 24: China's quarterly liquids production and forecast



Note: * 4Q23-4Q25 = Forecast. Sources: CNPC and OPEC.

For **2023**, y-o-y growth of about 90 tb/d is estimated for an average of 4.6 mb/d. This is roughly unchanged from the previous month's assessment. Natural decline rates are expected to be offset by additional growth through more infill wells and EOR projects amid efforts made by state-owned oil companies to further enhance energy security. Furthermore, regarding China's offshore oil production outlook, CNOOC's Energy Economics Institute (CEEI) recently noted the importance of deepwater and ultra-deepwater production following advances in exploration and development technology.

For **2024**, Chinese liquids production is expected to remain steady, y-o-y, and is forecast to average 4.6 mb/d. For next year, Lingshui 17-2, Lufeng, Liuhua 11-1, Xi'nan, Shayan and Liuhua 4-1 (redevelopment) are planned to come on stream, operated by CNOOC, PetroChina and Sinopec. At the same time, key ramp-ups are expected from Changqing, Kenli 10-2, Wushi 17-2 and Kenli 6-4.

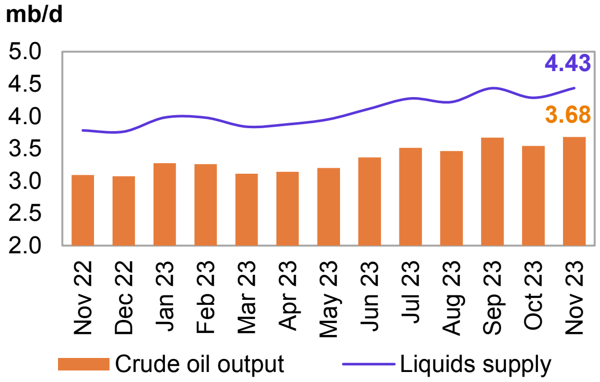
Chinese liquids production is expected to remain steady, y-o-y, and is forecast to average 4.6 mb/d in **2025**. For next year, oil and gas condensate projects like Bozhong 19-6, Huizhou 26-6, Peng Lai 19-9, Shengli, Wushi 17-2, Liaohe and Xijiang 30-2 are planned to come on stream, operated by CNOOC and Sinopec. At the same time, key ramp-ups are expected from Changqing, Tarim, Xibei, Peng Lai 19-9 and Xi'nan.

Latin America

Brazil

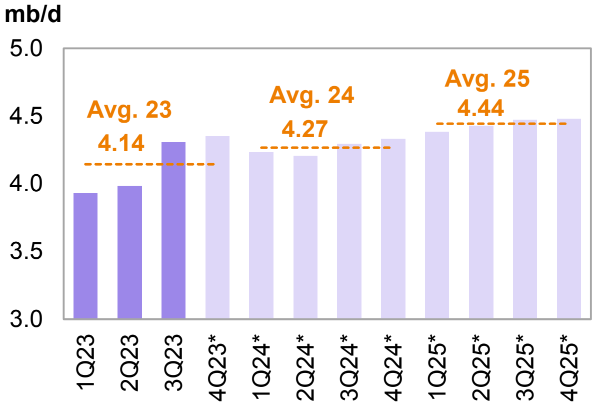
Brazil's crude output in **November** rose by 136 tb/d, m-o-m, to average 3.7 mb/d. NGL production, however, increased by 13 tb/d to an average of around 80 tb/d and was expected to remain flat in December. Biofuel output (mainly ethanol) remained mostly unchanged at an average of 0.7 mb/d, with preliminary data showing a stable trend in December. The country's total liquids production increased by 149 tb/d in November to average 4.4 mb/d. Once again, and akin to September 2023, Brazil's total liquids output hit the record in November.

Graph 5 - 25: Brazil's monthly liquids production development by type



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

Graph 5 - 26: Brazil's quarterly liquids production



*Note: * 4Q23-4Q25 = Forecast. Sources: ANP and OPEC.*

For **2023**, Brazil's liquids supply, including biofuels, is estimated to rise by 0.4 mb/d, y-o-y, to average 4.1 mb/d, revised up by about 30 tb/d from the previous month's assessment due to stronger-than-expected output in November and higher than expected production in 4Q23. Higher production bases this year have been due to the ramp-ups of new units, improving performances of existing assets, and fewer maintenance events.

For **2024**, Brazil's liquids supply, including biofuels, is forecast to increase by about 120 tb/d, y-o-y, to average 4.3 mb/d. Crude oil output is expected to increase through production ramp-ups in the Buzios (Franco), Mero (Libra NW), Tupi (Lula) and Itapu (Florim) fields. Oil project start-ups are expected at the Atlanta, Pampo-Enchova Cluster and Vida sites. However, increasing costs in the offshore market and inflation might also continue to delay projects and could temper growth in the short term.

Brazil's liquids supply, including biofuels, is forecast to increase by about 180 tb/d, y-o-y, to average 4.4 mb/d in **2025**. Crude oil output is expected to increase through production ramp-ups in the Buzios (Franco), Mero (Libra NW), Tupi (Lula), Marlim and Atlanta fields. Oil project start-ups are expected at the Buzios, Bacalhau (x-Carcara), Parque das Baleias, and Lapa (Carioca).

Russia

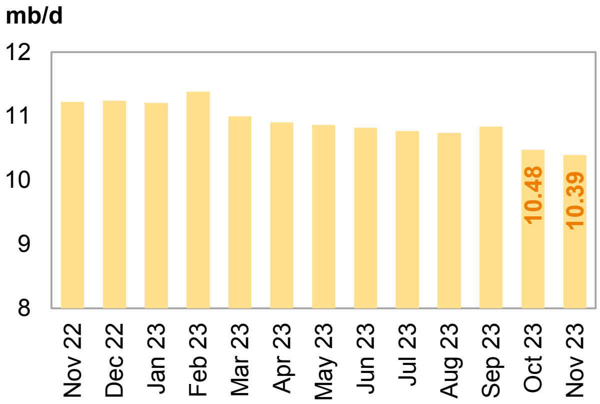
Russia's liquids production in November is estimated to fall by about 80 tb/d, m-o-m, to average 10.4 mb/d. This includes 9.2 mb/d of crude oil and 1.2 mb/d of NGLs and condensate.

For **2023**, Russian liquids production is estimated to drop by 0.3 mb/d for an average of 10.8 mb/d. It is worth noting that this takes into account all announced production adjustments of the countries in the DoC to the end of 2023.

For **2024**, Russian liquids production is forecast to remain steady with the previous year, averaging 10.8 mb/d. In addition to project ramp-ups at several oil fields, there will be start-ups by Rosneft, Russneft, Lukoil, Gazprom, Neftisa and TenderResurs. However, overall additional liquids production is expected to be offset by declines at mature fields.

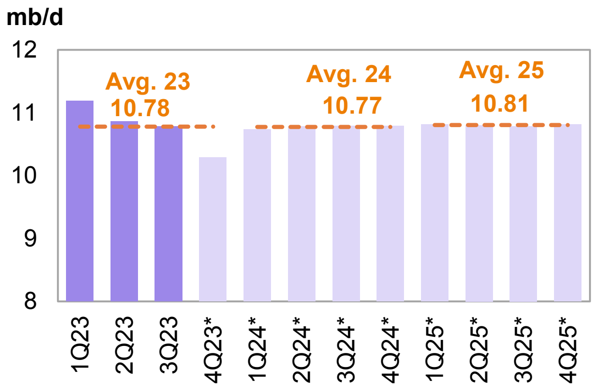
Russian liquids production is forecast to increase marginally by 30 tb/d compared with the previous year, averaging 10.8 mb/d in **2025**. In addition to project ramp-ups at several oil fields, there will be start-ups by Lukoil, Russneft, Sheshmaoil, Gazprom, Rosneft and Sintek-Oil.

Graph 5 - 27: Russia's monthly liquids production



Sources: Nefte Compass and OPEC.

Graph 5 - 28: Russia's quarterly liquids production



*Note: * 4Q23-4Q25 = Forecast.*
Sources: Nefte Compass and OPEC.

Caspian

Kazakhstan & Azerbaijan

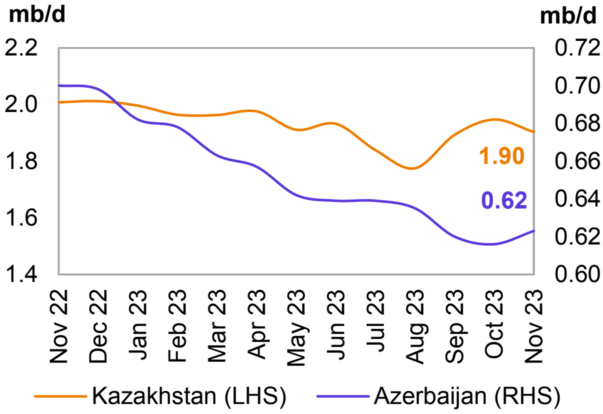
Liquids output in Kazakhstan dropped by 44 tb/d, m-o-m, to average 1.9 mb/d in **November**. Crude production was down by 45 tb/d, m-o-m, to average 1.6 mb/d. NGL and condensate output remained largely unchanged, m-o-m, at an average of 0.4 mb/d.

For **2023**, liquids supply is estimated to increase by 0.1 mb/d for an average of 1.9 mb/d, remaining primarily unchanged from the previous forecast.

Kazakh oil production disruption in late November due to storms near the Russian port of Novorossiysk had a minimal effect on liquids output, as oil loadings at its Black Sea terminal swiftly resumed.

For **2024**, the liquids supply is forecast to increase by about 60 tb/d to average 2.0 mb/d, remaining unchanged compared with the previous assessment. Growth is expected mainly from production ramp-ups in the Tengiz oil field given an expansion at the Tengizchevroil Future Growth Project (FGP) and the Wellhead Pressure Management Project in 2H24.

Graph 5 - 29: Caspian monthly liquids production development by selected country



Sources: Nefte Compass, JODI and OPEC.

Kazakhstan's liquids supply is forecast to rise by about 100 tb/d to average 2.1 mb/d in **2025**. Growth is forecast to come mainly from the FGP oil (second phase) and several gas condensate project ramp-ups. 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 **November** rose by a minor 7 tb/d, m-o-m, averaging 0.6 mb/d, which is a drop of 77 tb/d, y-o-y. Crude production averaged 494 tb/d, with NGL output at 129 tb/d, according to official sources.

Azerbaijan's liquids supply for **2023** is estimated to drop by about 40 tb/d to average 0.7 mb/d. This is a downward revision of about 11 tb/d stemming from lower-than-expected production at major oil fields in November. The majority of declines in legacy reservoirs, like the Azeri-Chirag-Guneshli (ACG) oil fields, were estimated to offset ramp-ups in other fields last year.

Azerbaijan's liquids supply for **2024** is forecast to rise by about 20 tb/d to an average of 0.7 mb/d. Growth is forecast to come partly from the Shah Deniz, Absheron and Umid-Babek gas condensate projects. Production in Azerbaijan's ACG oil fields should also get a boost this year due to a seventh ACG platform.

Liquids supply in Azerbaijan is forecast to increase slightly by about 10 tb/d to average 0.7 mb/d in **2025.** Production increases in several projects like ACG and Umid-Babek are expected to largely offset declines from other mature fields.

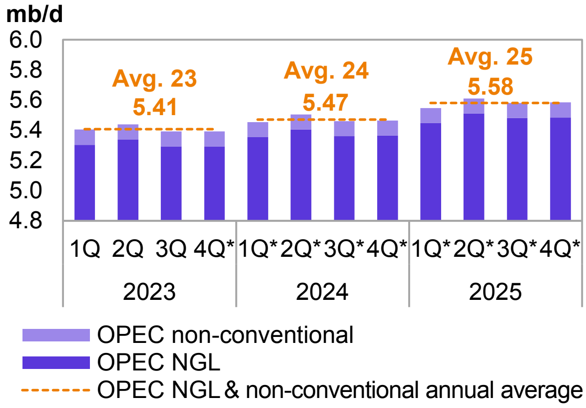
OPEC NGLs and non-conventional oils

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

Preliminary data shows NGL output in 4Q23 averaging 5.3 mb/d, while non-conventional output is estimated to remain steady at 0.1 mb/d. Taken together, 5.4 mb/d is estimated for November, according to preliminary data.

The preliminary **2024** forecast indicates a combined growth of 65 tb/d for an average of 5.5 mb/d. NGL 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 - 30: OPEC NGLs and non-conventional liquids quarterly production and forecast



*Note: * 4Q23-4Q25 = Forecast. Source: OPEC.*

The primary **2025** forecast points toward a combined growth of 110 tb/d for an average of 5.6 mb/d. NGL production is projected to grow by 110 tb/d to average 5.5 mb/d, while non-conventional liquids are projected to remain unchanged at 0.1 mb/d.

Table 5 - 7: OPEC NGLs + non-conventional oils, mb/d

OPEC NGL and non-coventional oils	2023	Change 23/22	2024	Change 24/23	1Q25	2Q25	3Q25	4Q25	2025	Change 25/24
OPEC NGL	**5.31**	*0.05*	**5.37**	*0.06*	5.45	5.51	5.48	5.48	**5.48**	*0.11*
OPEC non-conventional	**0.10**	*0.00*	**0.10**	*0.00*	0.10	0.10	0.10	0.10	**0.10**	*0.00*
Total	**5.41**	***0.05***	**5.47**	***0.06***	**5.55**	**5.61**	**5.58**	**5.58**	**5.58**	***0.11***

Note: 2023 = Estimate, 2024-2025 = Forecast.
Source: OPEC.

OPEC crude oil production

According to secondary sources, total **OPEC-12 crude oil production** averaged 26.70 mb/d in December 2023, higher by 73 tb/d, m-o-m. Crude oil output increased mainly in Nigeria and Iraq, while production in Kuwait, Saudi Arabia and IR Iran decreased.

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

Secondary sources	2022	2023	2Q23	3Q23	4Q23	Oct 23	Nov 23	Dec 23	*Change Dec/Nov*
Algeria	1,017	977	979	953	962	965	963	959	*-4*
Congo	260	261	264	259	252	257	253	245	*-8*
Equatorial Guinea	84	56	59	59	54	56	51	55	*4*
Gabon	197	206	206	205	220	217	218	226	*7*
IR Iran	2,554	2,855	2,698	3,004	3,139	3,122	3,154	3,143	*-11*
Iraq	4,439	4,275	4,135	4,289	4,305	4,352	4,269	4,292	*23*
Kuwait	2,704	2,595	2,585	2,560	2,553	2,546	2,567	2,545	*-23*
Libya	981	1,164	1,168	1,160	1,171	1,157	1,180	1,177	*-3*
Nigeria	1,204	1,307	1,233	1,271	1,375	1,388	1,319	1,418	*100*
Saudi Arabia	10,531	9,613	10,150	8,993	8,972	8,994	8,968	8,956	*-12*
UAE	3,066	2,951	2,941	2,912	2,907	2,917	2,907	2,898	*-8*
Venezuela	688	749	755	767	775	760	779	786	*7*
Total OPEC	**27,725**	**27,009**	**27,174**	**26,432**	**26,686**	**26,728**	**26,628**	**26,700**	***73***

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

Source: OPEC.

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

Direct communication	2022	2023	2Q23	3Q23	4Q23	Oct 23	Nov 23	Dec 23	*Change Dec/Nov*
Algeria	1,020	973	971	951	958	961	960	954	*-6*
Congo	262	271	280	269	259	265	253	260	*7*
Equatorial Guinea	81	55	59	58	53	54	53	52	*-1*
Gabon	191	..	203	..	..	..	..	..	*..*
IR Iran	..	..	..	..	..	..	..	..	*..*
Iraq	4,453	4,117	3,959	4,101	4,123	4,189	4,093	4,086	*-7*
Kuwait	2,707	2,590	2,590	2,548	2,548	2,548	2,548	2,548	*0*
Libya	..	1,189	1,181	1,187	1,191	1,188	1,206	1,179	*-27*
Nigeria	1,138	1,234	1,144	1,201	1,313	1,351	1,250	1,335	*85*
Saudi Arabia	10,591	9,606	10,124	8,969	8,901	8,940	8,818	8,944	*126*
UAE	3,064	2,944	2,941	2,904	2,892	2,892	2,894	2,891	*-3*
Venezuela	716	783	808	797	796	786	801	802	*1*
Total OPEC	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**	***..***

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

Source: OPEC.

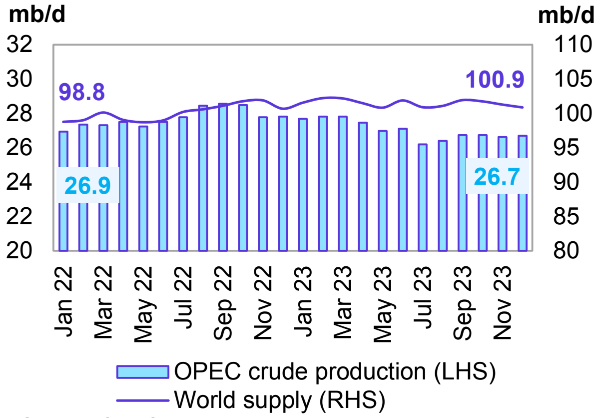
World oil supply

Preliminary data indicates that **global liquids production in December** decreased by 0.4 mb/d to average 100.9 mb/d compared with the previous month.

Non-OPEC liquids production (including OPEC NGLs) is estimated to have decreased by 0.5 mb/d, m-o-m, in December to average 74.2 mb/d. This is higher by 1.3 mb/d, y-o-y. Preliminary estimated production decreases in December were mainly seen in Russia and the US, which were partially offset by rises in Other Eurasia and Canada.

The **share of OPEC crude oil in total global production** in December, increased by 0.2 pp to stand at 26.5% 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 - 31: OPEC crude production and world oil supply development



Source: OPEC.

Product Markets and Refinery Operations

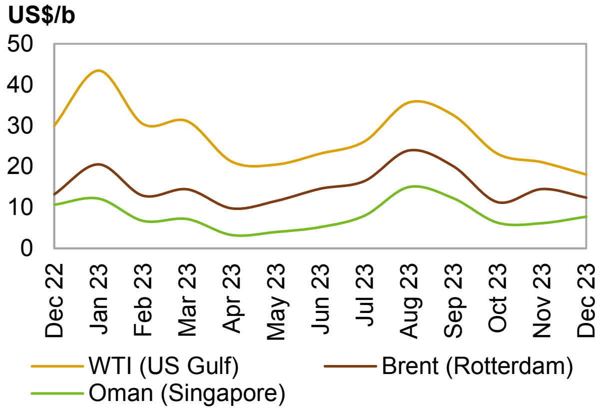
In December, refinery margins declined in the Atlantic Basin, weighed by higher refinery product output and rising product availability in line with seasonal trends amid the winter season. Despite some short-lived support for gasoline over the year-end holiday season, the product did not exhibit significant strength on a monthly basis in the USGC and Rotterdam, where positive naphtha and high sulphur fuel oil performance proved insufficient to avert the heavy supply side pressures associated with jet/kerosene and gasoil. However, margins in Singapore exhibited a rise, with robust naphtha performance seen amid additional support from across the barrel.

Global refinery intake extended its recovery from the previous month, showing a 1.5 mb/d rise in December, to average 82.3 mb/d, compared with 80.8 mb/d the previous month. Y-o-y, intake was 2.4 mb/d higher. In the coming months, refinery intake is expected to remain cautiously sustained.

Refinery margins

US Gulf Coast (USGC) refining margins against WTI decreased, with a sharp loss registered for the middle section of the barrel, more pronouncedly jet/kerosene markets, which outweighed gains derived from local naphtha and high sulphur fuel oil markets. The vast majority of the downturn was linked to jet/kerosene, as inventories for the same product ended the month higher. Gasoline crack spreads were volatile throughout the month, and while showing improvement, the upside was nearly negligible on a monthly basis and completely offset by weakness derived from the middle section of the barrel. Bearish product signals also overshadowed robust high sulphur fuel oil performance, underpinned by lower residual fuel imports.

Graph 6 - 1: Refining margins



Sources: Argus and OPEC.

In terms of operations, US refinery intake rose further to average 16.88 mb/d in December, showing a monthly gain of 790 tb/d. USGC margins against WTI averaged $18.03/b, down by $3.02, m-o-m, and $11.97, y-o-y.

Refinery margins in Rotterdam against Brent declined to a lesser extent than in the USGC, as weakness from jet/kerosene, gasoline and gasoil combined suppressed overall product market performance over the month. This is despite total Amsterdam-Rotterdam-Antwerp (ARA) product inventories declined by 14.2%, m-o-m, and 9.7%, y-o-y, at the end of December, with the drop mostly driven by gasoline and, to a lesser extent, by jet/kerosene relative to November, amid a temporary year-end holiday boost in product exports. However, refining margins responded to rising refinery output levels, signalling ample product supply amid usually moderated levels during the overall winter season.

Refinery throughput in Europe increased in December, according to preliminary data, and was 270 tb/d higher, to average 9.59 mb/d. Refinery margins against Brent in Europe averaged $12.39/b in December, $2.09 lower, m-o-m, and 79¢ lower, y-o-y.

Singapore's refining margins against Oman showed gains, contrary to its Western counterparts, with lower crude prices, strong product demand from India, suppressed exports from China, and refinery outages in the Middle East providing support to south-eastern product markets. In December, naphtha was the greatest source of strength, followed by high sulphur fuel oil, as geopolitical tension resulted in west-east naphtha flow disruptions and tankers resorted to longer sea routes for product delivery, boosting bunker fuel demand. At the end of the month, China's government granted refiners a second batch of crude import quotas for 2024, and a first batch of product export quotas for the year. This points to a rise in Chinese refinery processing rates and product exports, which could weigh on refining economics in the region.

In December, combined refinery intakes for Japan, China, India, Singapore and South Korea experienced a marginal increase of 20 tb/d relative to the previous month, averaging 27.06 mb/d according to preliminary data. Refinery margins against Oman in Asia experienced a rise of $1.59, m-o-m, to average $7.78/b, which was $1.59 higher, y-o-y.

Refinery operations

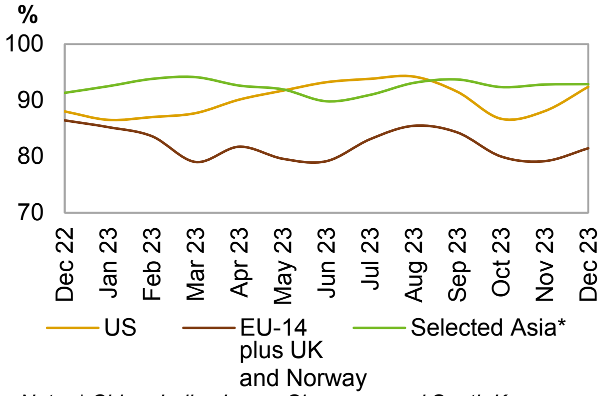
US refinery utilization rates in December increased to an average of 92.38%, corresponding to throughput of 16.88 mb/d. This represents a rise of 4.3 pp and 790 tb/d compared with November.

Y-o-y, the December refinery utilization rate was up by 4.4 pp, with throughput showing a 1.0 mb/d rise.

European refinery utilization averaged 81.42% in December, corresponding to throughput of 9.59 mb/d. This is a 2.3 pp or 270 tb/d, m-o-m, rise. On a y-o-y basis, the utilization rate was down by 5.0 pp, and throughput was 583 tb/d lower.

In **Selected Asia** – comprising Japan, China, India, Singapore and South Korea – refinery utilization rates increased marginally to an average of 92.9% in December, corresponding to throughput of 27.06 mb/d. Compared with the previous month, utilization rates were up by 0.1 pp, and throughput was higher by 20 tb/d. Relative to the previous year, utilization rates were higher by 1.6 pp, but throughput was down by 458 tb/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, %			
	Oct 23	Nov 23	Dec 23	Change Dec/Nov	Oct 23	Nov 23	Dec 23	Change Dec/Nov
US	**15.84**	**16.09**	**16.88**	**0.79**	**86.70**	**88.05**	**92.38**	**4.3 pp**
Euro-14, plus UK and Norway	**9.42**	**9.32**	**9.59**	**0.27**	**79.97**	**79.14**	**81.42**	**2.3 pp**
France	0.95	0.98	1.02	0.04	82.89	84.90	88.44	3.5 pp
Germany	1.58	1.64	1.70	0.06	76.82	79.79	82.64	2.8 pp
Italy	1.42	1.29	1.32	0.03	74.47	67.94	69.42	1.5 pp
UK	0.78	0.79	0.83	0.03	66.32	67.65	70.50	2.9 pp
Selected Asia*	**26.90**	**27.04**	**27.06**	**0.02**	**92.34**	**92.80**	**92.87**	**0.1 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	4Q22	1Q23	2Q23	3Q23	4Q23
OECD Americas	**16.60**	**17.79**	**18.68**	**18.56**	**18.04**	**19.05**	**19.27**	**18.59**
of which US	*14.73*	*15.66*	*16.48*	*16.35*	*15.78*	*16.75*	*17.02*	*16.27*
OECD Europe	**10.65**	**10.92**	**11.43**	**11.38**	**11.28**	**11.10**	**11.73**	**11.60**
of which:								
France	*0.67*	*0.69*	*0.84*	*0.78*	*0.83*	*0.87*	*1.06*	*0.98*
Germany	*1.72*	*1.72*	*1.83*	*1.87*	*1.64*	*1.59*	*1.67*	*1.64*
Italy	*1.11*	*1.23*	*1.32*	*1.29*	*1.28*	*1.26*	*1.32*	*1.34*
UK	*0.92*	*0.92*	*1.04*	*1.03*	*1.03*	*1.01*	*0.96*	*0.80*
OECD Asia Pacific	**5.87**	**5.79**	**6.10**	**6.03**	**6.16**	**5.68**	**5.74**	**6.02**
of which Japan	*2.48*	*2.49*	*2.71*	*2.73*	*2.77*	*2.38*	*2.54*	*2.62*
Total OECD	**33.12**	**34.50**	**36.22**	**35.98**	**35.48**	**35.83**	**36.74**	**36.21**
Latin America	**3.20**	**3.50**	**3.36**	**3.32**	**3.41**	**3.53**	**3.37**	**3.39**
Middle East	**6.10**	**6.80**	**7.28**	**7.40**	**7.31**	**7.46**	**7.70**	**7.85**
Africa	**1.79**	**1.77**	**1.76**	**1.73**	**1.71**	**1.71**	**1.67**	**1.73**
India	**4.42**	**4.73**	**5.00**	**4.89**	**5.35**	**5.22**	**5.03**	**5.09**
China	**13.48**	**14.07**	**13.49**	**14.14**	**14.57**	**14.78**	**15.19**	**14.63**
Other Asia	**4.72**	**4.72**	**4.89**	**4.77**	**4.86**	**5.13**	**4.88**	**4.95**
Russia	**5.39**	**5.61**	**5.46**	**5.59**	**5.67**	**5.40**	**5.49**	**5.39**
Other Eurasia	**1.10**	**1.23**	**1.15**	**1.15**	**1.23**	**1.07**	**1.00**	**0.96**
Other Europe	**0.43**	**0.41**	**0.48**	**0.49**	**0.44**	**0.42**	**0.50**	**0.46**
Total Non-OECD	**40.63**	**42.85**	**42.87**	**43.48**	**44.55**	**44.73**	**44.84**	**44.46**
Total world	**73.75**	**77.34**	**79.09**	**79.45**	**80.04**	**80.56**	**81.59**	**80.67**

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

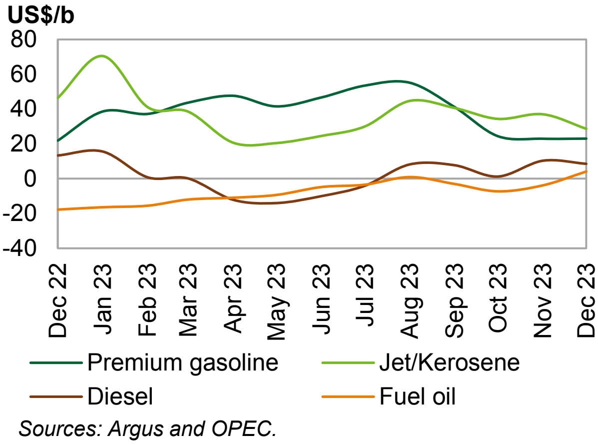
Sources: AFREC, APEC, EIA, IEA, Euroilstock, PAJ, Ministry data, including Ministry of Energy of the Russian Federation, Ministry of Petroleum and Natural Gas of India, OPEC and JODI.

Product markets

US market

The **USGC gasoline crack spread** increased marginally as a temporary improvement in gasoline demand in December helped offset seasonal and supply-side pressures. Total gasoline inventories in the US experienced significant stock builds, despite a decline registered in the week ending 22 December, restoring the inventory loss seen in November. In the USGC, gasoline inventories were more volatile, showing a solid m-o-m rise despite significant draws w-o-w. A short-lived boost in gasoline consumption over the year-end holiday season and the resulting positive impact were partially counterbalanced by seasonal weakness and strong refinery output levels. USGC wholesale gasoline 93 prices dropped by $5.23/b, m-o-m, to an average of $95.11/b in December. However, the USGC gasoline crack spread gained 6¢, m-o-m, to average $23.03/b in December. This was $1.14 higher, y-o-y.

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



Sources: Argus and OPEC.

The USGC **jet/kerosene crack spread** showed a sharp decline, becoming the strongest negative performer across the barrel in the USGC. This downturn was reflected in inventory builds, resulting from a rise in refinery output. Although jet fuel consumption for the aviation sector may have benefitted from partial and temporary support over the holidays due to a short-lived pick-up in air travel, monthly overall performance was still dragged down by the bearishness witnessed in early December. Likely, year-end holiday seasonal support in the US for the jet/kerosene market has yet to be fully absorbed in the coming month, although it is expected to remain lower y-o-y as the product balance improves from tightness seen around the same time last year.

Jet fuel wholesale prices saw a $13.61/b decrease m-o-m, averaging $100.73/b. The USGC jet/kerosene crack spread lost $8.32, m-o-m, to average $28.65/b in December. This was $17.69 higher, y-o-y.

The USGC **gasoil crack spread** moved downward following massive gains seen the previous month as a result of supply-side pressure. Although this loss was far more limited than that witnessed for jet/kerosene, the combined negative effect from both products outweighed gains linked to other products across the barrel in the USGC and led to weaker USGC refining margins. Gasoil prices averaged $80.56/b in December, down $7.05 relative to November. The US gasoil crack spread against WTI averaged $8.48/b, down by $1.76, m-o-m, and $4.77, y-o-y.

The USGC **fuel oil crack spread** against WTI performed robustly, emerging out of negative territory and further extending the upward trend registered since October. This notable improvement was attributed to slower residual fuel oil imports into the US. A rebound in US refinery processing rates, higher fuel oil output, and weakening Fluid Catalytic Cracking (FCC) margins, reflecting a decline in fuel oil to gasoline conversion economics, likely prevented added gains. In December, the US fuel oil crack spread against WTI averaged $4.13/b, higher by $7.95, m-o-m, and up by $21.87, y-o-y.

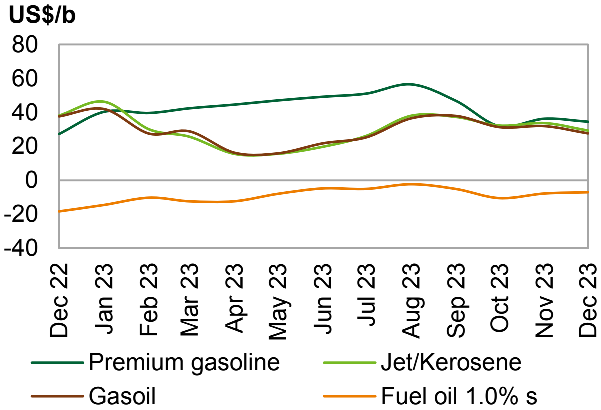
European market

The **gasoline crack spread in Rotterdam** decreased as subdued seasonal winter-related consumption levels weighed on product markets despite a short-lived, year-end holiday boost in demand. Going forward, the gasoline crack spread is expected to remain under pressure as refinery output levels stay elevated for product builds ahead of the spring maintenance and summer seasons. The gasoline crack spread against Brent averaged $34.52/b in December, which was $1.76 lower, m-o-m, but $7.21 higher, y-o-y.

In December, the **jet/kerosene crack spread** continued to decrease, becoming the strongest negative performer m-o-m across the barrel in Northwest Europe. This reflects supply–side pressures linked to rising refinery output levels, in line with stronger refinery processing rates. Going forward, the European jet/kerosene market is expected to remain under pressure. The Rotterdam jet/kerosene crack spread against Brent averaged $29.28/b, down by $4.39, m-o-m and $8.82, y-o-y.

The **gasoil 10 ppm crack spread** in Rotterdam receded to become the second-strongest negative performer across the barrel in December. Firm gasoil supplies in the region and softening demand amid the end-of-the-harvest season weighed on the product's market. Gasoil production in Europe was well sustained in recent months, benefitting in December from stronger refinery runs, which in turn contributed to stable availability. Pressure from supply-side dynamics is likely to weigh on the product's performance, although strong heating oil demand requirements amid low winter temperatures in the region should provide some support. The gasoil crack spread against Brent averaged $27.64/b, down by $4.30, m-o-m and $10.06, y-o-y.

Graph 6 - 4: Rotterdam crack spreads vs. Brent



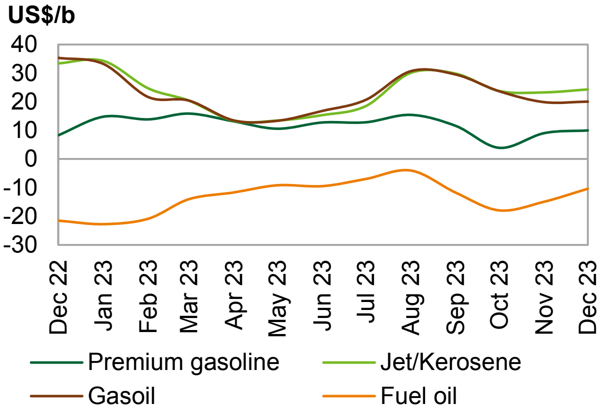
Sources: Argus and OPEC.

At the bottom of the barrel, **fuel oil 1.0% crack spreads** strengthened slightly as fuel oil demand from the bunker sector increased, with more tankers taking longer sea routes due to geopolitical factors and resulting flow disruptions. Downward risks for short- to mid-term product performance prevail as inflows to the region from the Middle East are expected to increase over the coming months. In terms of prices, fuel oil 1.0% decreased in value m-o-m to an average of $70.95/b, which was $4.34 lower than the previous month. In Northwest Europe (NWE), fuel oil 1.0% cracks against Brent averaged minus $7.03/b in December, a gain of 73¢, m-o-m, and $11.22, y-o-y.

Asian market

The **Asian gasoline 92 crack** posted significant gains, reaching a three-month high in December. M-o-m improvement in gasoline performance was limited, and the product represented the weakest positive margin contributor in Singapore. Ample supply in the region amid subdued exports to the Atlantic Basin, with western refiners operating at high runs, likely weighed on Asian gasoline exports to the West. The recent release of crude import licenses and product export quotas in China will most likely boost gasoline supplies and limit the upside potential for gasoline crack spreads in the near term leading up to the next maintenance season. The Singapore gasoline crack spread against Dubai in December averaged $9.96/b. This was up 93¢, m-o-m, and $1.69, y-o-y.

Graph 6 - 5: Singapore crack spreads vs. Dubai



Sources: Argus and OPEC.

Asian **naphtha crack spreads** experienced a massive gain, surpassing already high gains registered the previous month despite remaining in negative territory. This was the outcome of higher naphtha requirements from the regional petrochemical industry, in line with seasonal trends, as plastics production tends to increase with packaging material production ahead of year-end holidays. Naphtha flow disruptions across the Suez Canal further contributed to tight naphtha availability in the region, exerting upward pressure on product prices and crack spreads. The Singapore naphtha crack spread against Oman averaged minus $4.62/b, $9.14 higher, m-o-m, and $6.06 higher, y-o-y.

In the middle of the barrel, the **jet/kerosene crack spread** increased to remain the strongest margin contributor, backed by stronger fundamentals and higher middle distillate demand from India. The upcoming Lunar New Year celebrations in China are likely to unlock additional demand due to a potential uptick in air travel over the coming month. This should lend support to Chinese jet/kerosene markets in February. The Singapore jet/kerosene crack spread against Oman averaged $24.34/b, down by $1.04, m-o-m, and $9.11, y-o-y.

The Singapore **gasoil crack spread** showed a slight rise, strengthening along with that of jet/kerosene. In the near term, gasoil balances are expected to expand globally with elevated refinery runs, including in Southeast Asia, which points to added pressure going forward. The Singapore gasoil crack spread against Oman averaged $20.07/b, up by 19¢, m-o-m, but down by $15.25, y-o-y.

The Singapore **fuel oil 3.5% crack spread** continued to trend upwards, adding solid ground. Fuel oil demand within the region benefitted from higher demand for power generation in December. In addition, bunker fuel demand rose as tankers were diverted from the Suez Canal and had to resort to longer routes; this boosted residual fuel demand and led to tighter availability in the region. Singapore's high sulphur fuel oil crack spread against Oman averaged minus $10.36/b, up by $4.54, m-o-m, and by $11.17, y-o-y.

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

Event	Time frame	Observations	Asia	Europe	US
Gasoil markets (heating oil demand)	Jan 24–Feb 24	Gasoil (Atlantic Basin) and kerosene (Asia) markets are expected to benefit from demand-driven support in response to lower ambient temperatures.	↑ Support heating oil crack spreads	↑ Support heating oil crack spreads	↑ Support heating oil crack spreads
Chinese Lunar New Year	Jan 24–Feb 24	A potential rise in fuel consumption for air and road travel activities, as well as packaging material, is expected to provide temporary support to domestic product markets in China.	↑ Support product crack spreads	↑ Support product crack spreads	↑ Support product crack spreads
Winter season	Jan 24–Feb 24	Seasonally softer product consumption levels amid rising product stocks are set to weigh on product performance in the immediate near term.	↓ Pressure on product markets	↓ Pressure on product markets	↓ Pressure on product markets
China's product export quotas	Jan 24	China has issued its first refined fuel export quotas for 2024, totalling 150 mb (unchanged y-o-y) for gasoline, diesel and jet fuel. This points to a rise in Chinese product exports, which could weigh on refining economics in the West.	↓ Pressure on product markets	↓ Pressure on product markets	↓ Pressure on product markets

Source: OPEC.

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

		Nov 23	Dec 23	Change Dec/Nov	Annual avg. 2022	Annual avg. 2023
US Gulf (Cargoes FOB)						
Naphtha*		68.93	65.24	-3.69	89.24	72.51
Premium gasoline	(unleaded 93)	100.34	95.11	-5.23	134.59	117.23
Regular gasoline	(unleaded 87)	88.41	84.37	-4.04	123.34	104.59
Jet/Kerosene		114.34	100.73	-13.61	140.17	113.51
Gasoil	(0.2% S)	87.61	80.56	-7.05	122.10	78.57
Fuel oil	(3.0% S)	70.96	72.91	1.95	76.84	68.14
Rotterdam (Barges FoB)						
Naphtha		69.35	70.27	0.92	85.08	71.06
Premium gasoline	(unleaded 98)	119.33	112.50	-6.83	136.26	125.96
Jet/Kerosene		116.72	107.26	-9.46	139.86	111.74
Gasoil/Diesel	(10 ppm)	114.99	105.62	-9.37	142.32	111.19
Fuel oil	(1.0% S)	75.29	70.95	-4.34	88.77	74.29
Fuel oil	(3.5% S)	74.51	69.27	-5.24	78.86	72.79
Mediterranean (Cargoes FOB)						
Naphtha		66.13	66.91	0.78	82.26	68.45
Premium gasoline**		95.77	89.82	-5.95	120.04	101.80
Jet/Kerosene		112.54	102.78	-9.76	135.36	107.77
Diesel		109.55	102.91	-6.64	135.91	109.08
Fuel oil	(1.0% S)	80.43	76.45	-3.98	94.51	78.85
Fuel oil	(3.5% S)	63.91	60.70	-3.21	72.30	66.47
Singapore (Cargoes FOB)						
Naphtha		69.57	72.69	3.12	83.91	69.53
Premium gasoline	(unleaded 95)	98.00	91.27	-6.73	115.05	98.62
Regular gasoline	(unleaded 92)	92.36	87.27	-5.09	111.02	94.00
Jet/Kerosene		106.63	101.65	-4.98	126.76	104.68
Gasoil/Diesel	(50 ppm)	106.08	99.43	-6.65	134.94	105.99
Fuel oil	(180 cst)	103.06	97.31	-5.75	129.75	102.35
Fuel oil	(380 cst 3.5% S)	68.43	66.95	-1.48	76.63	69.23

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

Sources: Argus and OPEC.

Tanker Market

Dirty spot freight rates experienced a seasonal dip in December despite increased uncertainties along key routes that added upward pressure to rates.

For 2023, spot freight rates declined from the elevated levels seen in 2022. Very large crude carriers (VLCCs) rates were less directly impacted by last year's trade dislocations and thus experienced a less pronounced decline, falling 7% on the Middle East-to-East route in 2023. Suezmax averaged 17% lower on the US Gulf Coast (USGC)-to-Europe route. Aframax saw the largest decline, giving up about one-third of 2022's gains. Rates on the Intra-Med route fell by about 32% in 2023 after more than doubling in 2022.

Clean tanker spot freight rates experienced similar volatility, with rates on the Middle East-to-East route declining 30% in 2023, following an increase of 123% in 2022.

Broadly speaking, increased tanker demand and longer distances travelled were insufficient to outweigh the market's readjustment to last year's trade dislocations, although lower fuel costs supported tanker earnings.

Spot fixtures

Global spot fixtures increased in December, gaining almost 2.0 mb/d, or about 1%, m-o-m, to average 14.2 mb/d. Compared with December 2022, global spot fixtures were up by 1.3 mb/d, or 10%.

OPEC spot fixtures rose 0.2 mb/d, or about 2%, to average 9.7 mb/d in December. Compared with the same month in 2022, fixtures were about 0.6 mb/d, or 6%, higher.

Middle East-to-East fixtures increased 0.4 mb/d, or almost 7%, to average close to 6 mb/d. Compared with the same month in 2022, fixtures on the Middle East-to-East route rose 0.6 mb/d, or about 11%.

In contrast, spot fixtures on the **Middle East-to-West** route fell by 0.3 mb/d, or 27%, m-o-m, to average 0.8 mb/d. Fixtures were down 0.4 mb/d or about 31%, y-o-y.

Fixtures on routes **outside the Middle East** rose by less than 0.1 mbd, or some 3%, m-o-m, to average 2.9 mb/d. Compared with the same month of 2022, fixtures gained 0.4 mb/d, or 15%.

Table 7 - 1: Spot fixtures, mb/d

Spot fixtures	Oct 23	Nov 23	Dec 23	*Change* Dec 23/Nov 23
All areas	14.8	14.0	14.2	0.2
OPEC	10.4	9.6	9.7	0.2
Middle East/East	6.0	5.6	6.0	0.4
Middle East/West	1.4	1.1	0.8	-0.3
Outside Middle East	3.0	2.8	2.9	0.1

Sources: Oil Movements and OPEC.

Sailings and arrivals

OPEC sailings fell 1.2 mb/d, or 5%, m-o-m, to average 22.0 mb/d in December. Compared with the same month in 2022, OPEC sailings fell 1.7 mb/d, or 7%. **Middle East sailings** averaged 16.4 mb/d in December, representing a drop of 0.5 mb/d, or about 3%. Y-o-y, sailings from the region were 0.2 mb/d lower, or about 1%.

Crude arrivals saw mixed movement in December. **North American arrivals** increased by 0.2 mb/d, or about 2%, to average 9.5 mb/d. Compared to December 2022, North American arrivals were 0.5 mb/d, or 6%, higher. In contrast, **arrivals in Europe** declined by about 1.0 mb/d, or about 8%, to average 11.8 mb/d. Compared with the same month of 2022, arrivals to Europe fell by a similar 1.0 mb/d, or around 8%, in December.

Far East arrivals rose 0.3 mb/d, or about 2%, m-o-m, to average 17.1 mb/d. Y-o-y, arrivals in the region were up 0.2 mb/d or close to 1%. **Arrivals** in **West Asia**, in contrast, edged marginally lower to average 8.2 mb/d. Y-o-y, arrivals in the region were 1.2 mb/d lower, or about 13%.

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

Sailings	Oct 23	Nov 23	Dec 23	*Change* Dec 23/Nov 23
OPEC	22.8	23.2	22.0	-1.2
Middle East	16.5	16.8	16.4	-0.5
Arrivals				
North America	8.6	9.4	9.5	0.2
Europe	12.5	12.7	11.8	-1.0
Far East	16.7	16.9	17.1	0.3
West Asia	8.9	8.3	8.2	0.0

Sources: Oil Movements and OPEC.

Dirty tanker freight rates

Very large crude carriers

Along with dirty spot freight rates, more generally, **VLCC spot rates** experienced declines across the board. VLCC spot freight rates fell 14%, m-o-m, ending the year with a seasonal decline. Compared with the same month of 2022, VLCC rates were 27% lower.

On the **Middle East-to-East** route, rates declined 14%, m-o-m, to average WS59 points. This represents a y-o-y decline of 23%. Rates on the **Middle East-to-West** route fell 8%, m-o-m, to average WS37 points. Compared with the same month of 2022, rates on the route fell 36%.

West Africa-to-East spot rates decreased 14%, m-o-m, to average WS59 points in December. Compared with the same month of 2022, rates were down 23%.

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

VLCC	Size *1,000 DWT*	Oct 23	Nov 23	Dec 23	*Change* Dec 23/Nov 23
Middle East/East	230-280	53	69	59	-10
Middle East/West	270-285	32	40	37	-3
West Africa/East	260	56	69	59	-10

Sources: Argus and OPEC.

Suezmax

Suezmax spot freight rates gave up the gains of the previous two months, falling 17%, m-o-m, in December. They remained 39% lower than the elevated levels seen in the same month of 2022.

On the **West Africa-to-USGC** route, spot freight rates declined 12%, m-o-m, in December to average WS95 points. Compared with the same month of 2022, spot rates were 41% lower.

Rates on the **USGC-to-Europe** dropped by 20%, m-o-m, to average WS86 points. Compared with the same month of 2022, they were down 36%.

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

Suezmax	Size *1,000 DWT*	Oct 23	Nov 23	Dec 23	*Change* Dec 23/Nov 23
West Africa/US Gulf Coast	130-135	106	108	95	-13
US Gulf Coast/ Europe	150	99	108	86	-22

Sources: Argus and OPEC.

Aframax

Aframax spot freight rates plunged in the Atlantic Basin in December and edged lower East of Suez. On average, rates declined 25%, m-o-m. They were still 49% lower than in December 2022, when rates surged driven by geopolitical developments.

Rates on the **Indonesia-to-East** route saw the smallest decline, falling 2%, m-o-m, to average WS160 points in December. Compared with the same month of 2022, rates were 48% lower.

Spot rates on the **Caribbean-to-US East Coast (USEC)** route experienced a strong 42% decline, m-o-m, to average WS135 points in December. Compared with the same month of 2022, rates were down by almost 50%.

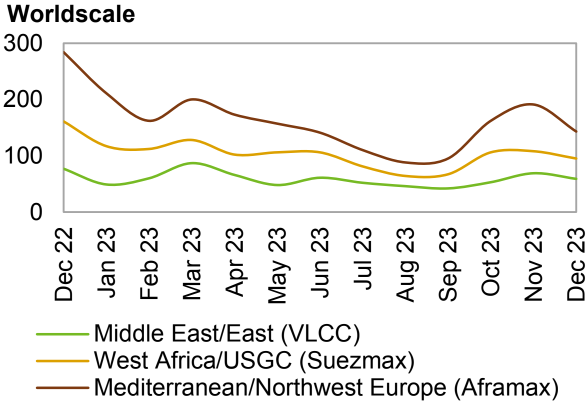
Table 7 - 5: Dirty Aframax spot tanker freight rates, WS

Aframax	Size 1,000 DWT	Oct 23	Nov 23	Dec 23	Change Dec 23/Nov 23
Indonesia/East	80-85	156	164	160	-4
Caribbean/US East Coast	80-85	192	232	135	-97
Mediterranean/Mediterranean	80-85	171	199	151	-48
Mediterranean/Northwest Europe	80-85	162	191	143	-48

Sources: Argus and OPEC.

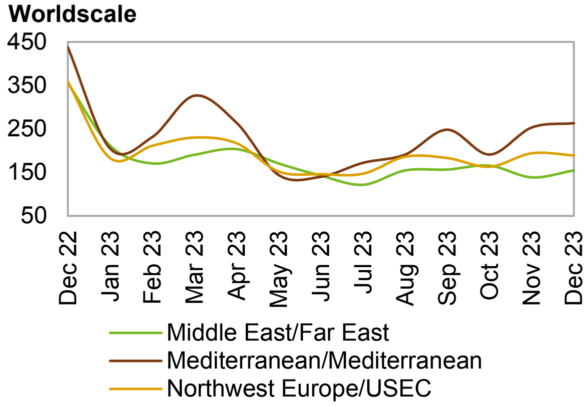
Cross-Med spot freight rates declined 24%, m-o-m, to average WS151 points. This represented a 52% decline, y-o-y. Meanwhile, rates on the **Mediterranean-to-Northwest Europe (NWE)** route lost 25%, m-o-m, to average WS143 points. Compared with the same month of 2022, rates were down by around 50%.

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 saw an improved performance in December compared to the previous month, with gains on both sides of the Suez. On average, clean spot freight rates East of Suez increased 16%, m-o-m, while rates in the West of Suez market edged up 2%. As a result, clean spot rates averaged 6% higher overall.

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

East of Suez	Size 1,000 DWT	Oct 23	Nov 23	Dec 23	Change Dec 23/Nov 23
Middle East/East	30-35	165	138	154	16
Singapore/East	30-35	217	153	182	29
West of Suez					
Northwest Europe/US East Coast	33-37	163	194	189	-5
Mediterranean/Mediterranean	30-35	191	253	263	10
Mediterranean/Northwest Europe	30-35	201	263	273	10

Sources: Argus and OPEC.

Rates on the **Middle East-to-East** route gained 12%, m-o-m, to average WS154 points. Compared with the same month of 2022, rates were 57% lower. Clean spot freight rates on the **Singapore-to-East** route rose 19%, m-o-m, to average WS182 points. This was 52% lower than in the same month of 2022.

In contrast, spot freight rates on the **NWE-to-USEC** route showed the only loss on monitored routes, falling 3%, m-o-m, to average WS189 points. The decline reflected ample product supplies in the USEC region. This represents a 47% decline compared with December 2022.

Rates for the **Cross-Med** route rose 4%, m-o-m, to average WS263 points, and rates on the **Med-to-NWE** route showed a similar gain, up 4%, m-o-m, to average WS273 points. However, compared with the same month of 2022, rates were around 40% lower on both routes.

Crude and Refined Products Trade

Preliminary data points to 2023 being a robust year for crude and product trade flows.

Based on preliminary weekly data, US crude imports in 2023 averaged 6.5 mb/d, the highest since 2019, while US crude exports averaged just under 4.1 mb/d in 2023, representing a new record high.

China's crude and petroleum product imports are likely to have set new record highs in 2023. China's crude imports averaged 11.3 mb/d in 2023, according to preliminary data, surpassing the previous record of 10.9 mb/d in 2020. China's product imports are on track to average above 2 mb/d, compared to the previous record of 1.5 mb/d set in 2022.

India's crude imports are also likely to see a record high in 2023, averaging close to 4.7 mb/d compared to the previous record of 4.6 mb/d in 2022. India's product imports are on course to achieve a record level above 1.1 mb/d, compared to a previous record high of just under 1.06 mb/d in 2022. India's product exports, however, are broadly in line with 2022, averaging around 1.3 mb/d. This is below 2019 levels of close to 1.4 mb/d.

In contrast, Japan has had a more muted performance in 2023 compared to more robust flows in recent years.

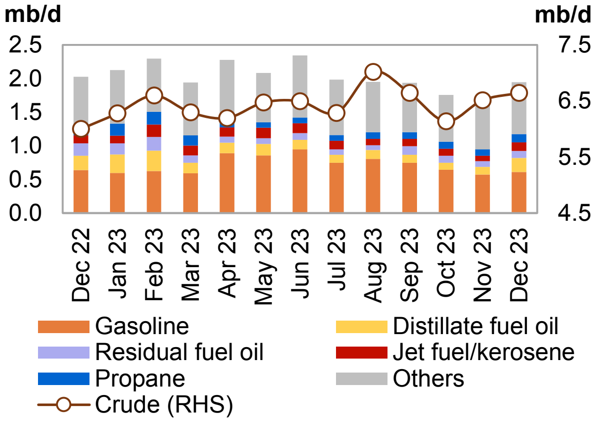
Preliminary estimates for OECD Europe crude imports point to flows in 2023 remaining largely in line with 2022 levels.

US

Preliminary data shows that **US crude imports** rose 2% or 0.1 mb/d, m-o-m, in December to average 6.6 mb/d. Compared with the same month of 2022, crude imports increased by 0.6 mb/d or almost 11%.

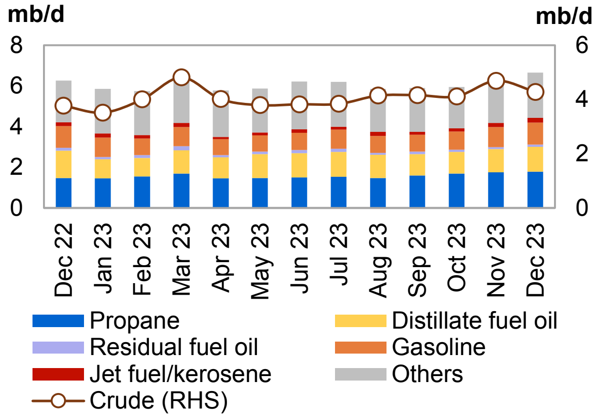
According to the latest official monthly data from the US Energy Information Administration (EIA), Canada remained the top supplier of crude in September, with a share of close to 62%, representing a m-o-m increase. Mexico was second with about 12%, while Saudi Arabia was third with about 4%.

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 declined from the previous month's strong showing, averaging 4.3 mb/d. This represents a m-o-m decrease of 0.4 mb/d or about 9%. However, crude outflows were 0.5 mb/d, or over 13%, higher compared to the same month of 2022.

US **net crude imports** averaged 2.4 mb/d in December, compared with 1.8 mb/d in November and 2.2 mb/d in the same month of 2022.

On the **products** side, **imports** increased by 0.3 mb/d, m-o-m, or 20%, to average just under 2 mb/d. Gains were seen across all major products. Compared with the same month of 2022, product inflows fell by around 80 tb/d, or about 4%.

Product exports increased 0.3 mb/d, or about 5%, to average 6.7 mb/d in December, according to preliminary data. This represents a record high, outpacing the previous record set in March 2023 of 6.5 mb/d. Gains were seen in all major products. Compared with the same month of 2022, exports were 0.4 mb/d, or over 6% higher.

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

US	Oct 23	Nov 23	Dec 23	Change Dec 23/Nov 23
Crude oil	2.02	1.83	2.36	0.54
Total products	-4.18	-4.72	-4.71	0.01
Total crude and products	**-2.16**	**-2.89**	**-2.34**	**0.55**

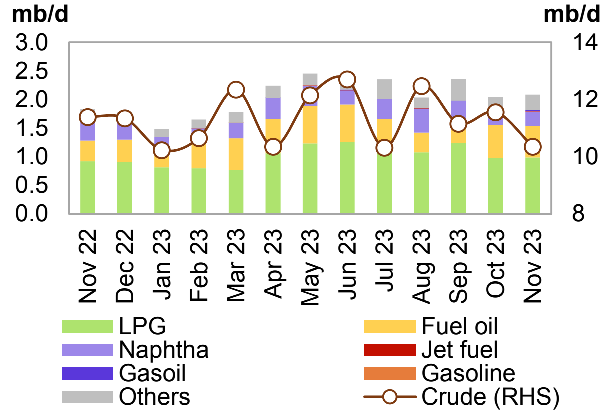
Note: Totals may not add up due to independent rounding.
Sources: EIA and OPEC.

Looking ahead, US crude imports are likely to remain supported in January, while exports could be slower at the start of the year.

China

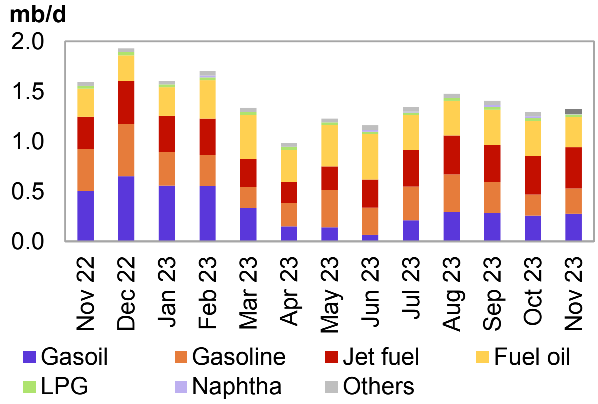
China's crude imports finished the year by averaging 10.4 mb/d in November and 11.4 mb/d in December. As a result, the country's crude imports averaged 11.7 mb/d in 2023, marking a new record high. Compared with 2022, China's crude imports were 1.2 mb/d, or 10%, lower y-o-y in November and broadly level with the same month of 2022 in December. Further details regarding the December figures will be available later in January.

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 in the top spot in November with a 21% share, up from 17% the month before. Saudi Arabia was second with almost 16%, while Iraq was third with 10% and Malaysia fourth with 9%.

Product imports in November edged higher, averaging 2.1 mb/d. Inflows rose by 50 tb/d or about 3%, m-o-m, with gains on all major products except fuel oil. Compared to the same period in 2022, product imports were 0.3 mb/d, or over 14%, higher.

Product exports averaged 1.3 mb/d in November, following an increase of 28 tb/d, or 2%, m-o-m. Gains were driven by gasoline, jet fuel and diesel oil, while fuel oil experienced a decline. Compared to the same period in 2022, product exports dropped by almost 0.3 mb/d, or 17%.

Net product imports averaged 768 tb/d in November, compared to 746 tb/d in October and 233 tb/d in the same month of 2022.

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

China	Sep 23	Oct 23	Nov 23	*Change* Nov 23/Oct 23
Crude oil	11.13	11.56	10.34	-1.23
Total products	0.95	0.75	0.77	0.02
Total crude and products	**12.08**	**12.31**	**11.10**	**-1.21**

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

Sources: China OGP and OPEC.

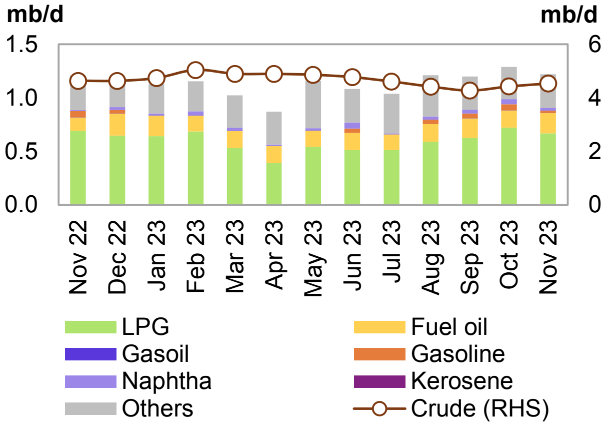
Looking ahead, China's crude imports are expected to increase following the release of new quotas for crude imports and product exports. Reduced access to product export quotas was seen as cramping China's product outflows in the last month of the year. For the first time, China released what appears to be a full year's allotment of both crude imports. This should allow independent refiners to plan more effectively and hence reduce some of the volatility seen in crude flows into China in recent years.

India

India's crude imports rose by 4.5 mb/d in November. Compared to the previous month, crude inflows increased by 0.1 mb/d, or more than 2%. Y-o-y, crude imports declined by 106 tb/d, or around 2%.

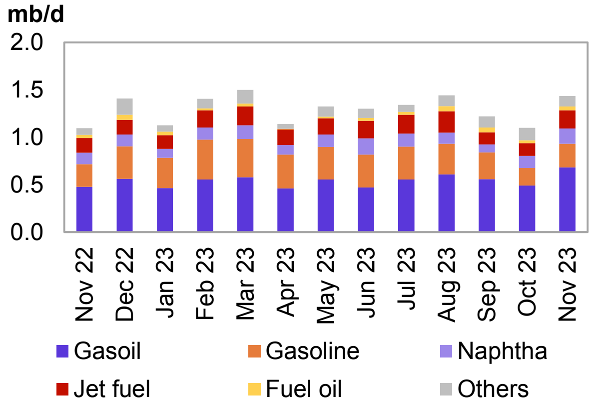
In terms of **crude imports by source**, Kpler data shows Russia continued to be the top crude supplier to India in November, with a share of 38%. Iraq and Saudi Arabia were second and third, respectively, with shares of 14% and 7%.

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** dropped from the previous month's high levels to average 1.2 mb/d. Declines were led by LPG, gasoline and naphtha. Compared with the previous month, India's product imports fell by 68 tb/d, or about 5%. Y-o-y, product inflows were 12 tb/d or about 1% higher.

Product exports increased 335 tb/d, m-o-m, or over 30%, to average 1.4 mb/d. Gains were seen across all major categories. Compared to the same month of 2022, product outflows from India saw similar gains, up by 339 tb/d, or over 30%.

As a result, India's **net product** flows fell back to net **exports**. Net product exports averaged 0.2 mb/d in November, compared to net imports of 0.2 mb/d the month before and net imports of 0.1 mb/d in November 2022.

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

India	Sep 23	Oct 23	Nov 23	*Change* Nov 23/Oct 23
Crude oil	4.27	4.42	4.53	0.11
Total products	-0.02	0.19	-0.21	-0.40
Total crude and products	**4.25**	**4.61**	**4.32**	**-0.29**

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

India data table does not include information for crude import and product export by Reliance Industries.

Sources: PPAC and OPEC.

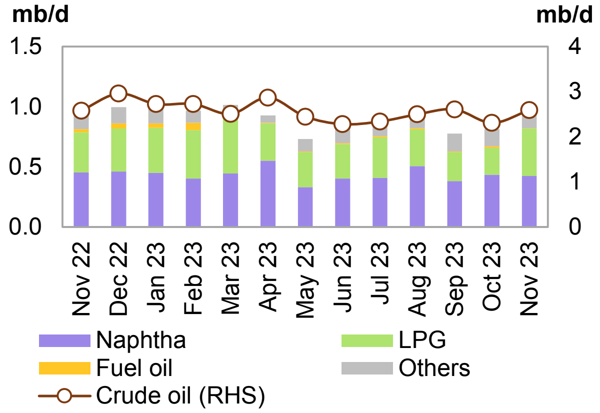
Looking ahead, India's crude and product imports likely remained at healthy levels in December. Product exports from India also remained at elevated levels, supported by increased outflows of gasoline.

Japan

Japan's crude imports increased in November to average just under 2.6 mb/d, representing a gain of 284 tb/d, m-o-m, or about 12%. Compared with the same month of 2022, crude inflows were marginally unchanged.

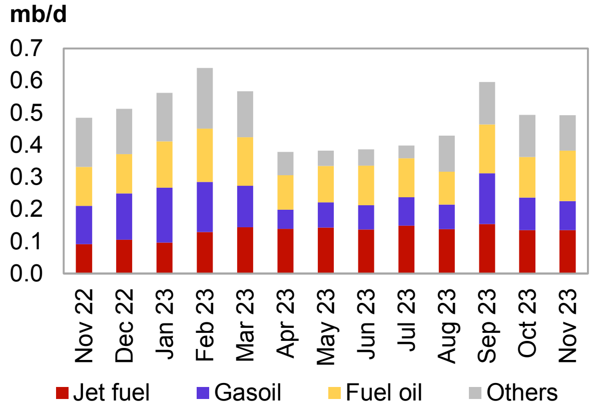
In terms of **crude imports by source**, Saudi Arabia held the highest share in November, with over 42%. The United Arab Emirates was second with almost 41%, followed by Kuwait with almost 5%.

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, increased by 129 tb/d or almost 15%, m-o-m, to average 941 tb/d. Gains were seen in LPG and gasoil, outpacing declines in kerosene and naphtha. Compared with November 2022, product inflows were broadly unchanged.

In large part, **product exports** remained at the previous month's level, averaging 493 tb/d in November. Gains in fuel oil balanced out declines in gasoline and gasoil. Compared with the same month of 2022, product exports were down 8 tb/d, or about 2%.

Consequently, Japan's **net product imports**, including LPG, averaged 448 tb/d in November. This compares with 318 tb/d the month before and 461 tb/d in November 2022.

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

Japan	Sep 23	Oct 23	Nov 23	*Change* Nov 23/Oct 23
Crude oil	2.61	2.31	2.59	0.28
Total products	0.18	0.32	0.45	0.13
Total crude and products	**2.79**	**2.63**	**3.04**	**0.41**

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

Looking ahead, crude imports into Japan are likely to decline in December, following a relatively strong performance the month before. Japan's product imports are expected to increase in December, supported by higher inflows of naphtha and jet/kerosene. Product exports are also seen higher amid increased flows to Australia and Singapore.

OECD Europe

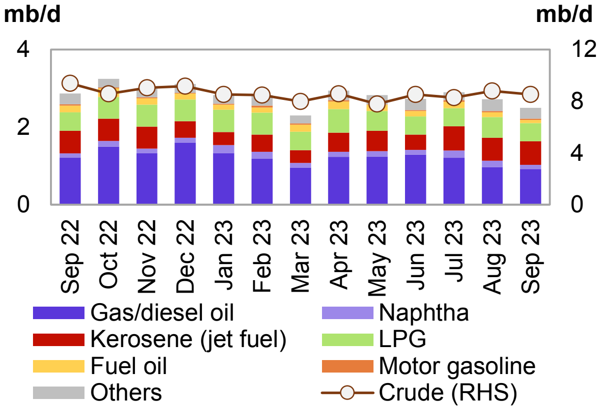
The latest official data for the **OECD Europe** region shows that **crude imports** increased in **September** by 0.3 mb/d, m-o-m, or about 3%, to average 8.5 mb/d. Compared with the same month of 2022, crude imports were almost 0.9 mb/d or over 9% lower.

In terms of **import sources** from outside the region, the US provided the most in September, with over 1.8 mb/d. Iraq was second with almost 1.0 mb/d, followed by Kazakhstan with around 0.8 mb/d.

Crude exports averaged 154 tb/d in **September**, representing an increase of around 125 tb/d from the previous month. Compared to the same month of 2022, crude outflows were down by 64 tb/d or almost 30%. Korea was the top destination for crude exports outside the region for the month, taking in around 68 tb/d.

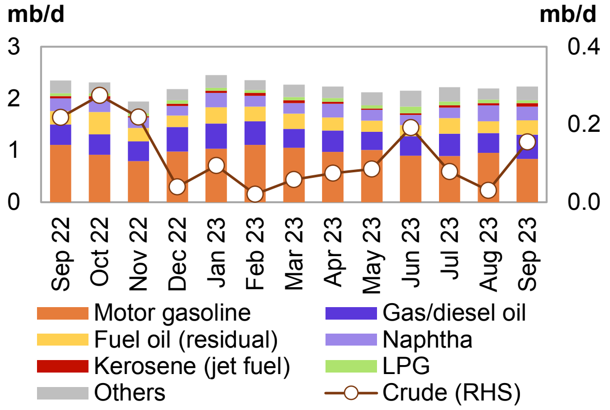
Net crude imports averaged 8.4 mb/d in September, compared with almost 8.8 mb/d in August and about 9.2 mb/d in September 2022.

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 petroleum **products**, **imports** declined, m-o-m, by 0.2 mb/d or over 8%, to average 2.5 mb/d. Losses were seen in most major categories, except jet kerosene. Compared with September 2022, product inflows fell by 0.9 mb/d or more than 9%.

Product exports edged up marginally to still average 2.2 mb/d. Losses in LPG, naphtha and gasoline outpaced gains in diesel and fuel oil. Compared to the same month of 2022, product outflows decreased by 0.1 mb/d or 5%.

Net product imports averaged 261 tb/d in September, compared with net imports of 521 tb/d the month before and 515 tb/d in September 2022.

Combined, **net crude and product imports** averaged 8.6 mb/d in September, compared with 9.2 mb/d in August and 9.7 mb/d in September 2022.

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

OECD Europe	Jul 23	Aug 23	Sep 23	*Change* Sep 23/Aug 23
Crude oil	8.20	8.76	8.36	-0.40
Total products	0.68	0.52	0.26	-0.26
Total crude and products	**8.88**	**9.28**	**8.62**	**-0.66**

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

Sources: IEA and OPEC.

Looking ahead, crude imports into the OECD region are expected to pick up in November and December, following a seasonal decline in October. Crude exports are expected to strengthen in the last quarter of the year. Product imports are expected to be lower in 4Q23 compared to the same quarter last year, while product exports are seen higher over the same period.

Eurasia

Total crude oil exports from Russia and Central Asia averaged 5.9 mb/d in November, representing a m-o-m decline of almost 0.8 mb/d, or close to 12%. Declines were broadly spread across most major terminals. Compared to the same month of 2022, outflows declined by 0.6 mb/d, or 10%.

Crude exports declined through the **Transneft system** in November on all outlets except the Kozmino port terminal. Outflows averaged 3.7 mb/d, representing a m-o-m drop of 365 tb/d, or about 9%. Compared to the same month of 2022, exports were 288 tb/d, or 7%, lower. Shipments from the **Black Sea** port of Novorossiysk declined 188 tb/d, or about 33%, to average 392 tb/d. Crude exports from the **Baltic Sea** fell by 207 tb/d, or over 12%, to average close to 1.5 mb/d. Flows from Primorsk declined by 92 tb/d, or about 10%, to average 856 tb/d. Exports from Ust-Luga decreased by 144 tb/d, or about 16%, to average 607 tb/d.

Shipments via the **Druzhba** pipeline slipped 22 tb/d, or about 7%, to average 301 tb/d in November. Compared to the same month of 2022, exports via the pipeline were down by 280 tb/d, or 48%. Exports to inland China via the **ESPO pipeline** were negligibly lower, averaging 610 tb/d in November. This is 16 tb/d, or 3%, below the flow seen in November 2022. Flows to the Pacific port of **Kozmino** averaged 892 tb/d, representing a gain of 57 tb/d, or almost 7%. This was about 16 tb/d, or 3%, lower than in the same month of 2022.

In the **Lukoil system**, exports via the Varandey offshore platform in the Barents Sea dropped by 61 tb/d, or 48%, m-o-m, to average 68 tb/d in November. There continued to be no exports from the Kaliningrad terminal.

On other routes, the combined exports from **Russia's Far East** ports, De Kastri and Aniva, slipped by 33 tb/d, or over 11%, to average 261 tb/d in November. This was 140 tb/d higher than the volumes shipped in the same month of 2022.

Central Asian exports averaged 221 tb/d in November, representing a 2% gain compared to October but about a 4% drop from the same month of 2022.

Black Sea total exports from the **CPC terminal** averaged 1.1 mb/d in November. This represented a decline of 312 tb/d, or about 22%, compared with the same month of 2022. Exports via the **Baku-Tbilisi-Ceyhan (BTC) pipeline** increased by 13 tb/d, or 2%, in November, to average 598 tb/d.

Total product exports from Russia and Central Asia declined by 96 tb/d, or about 4%, m-o-m, to average 2.3 mb/d in November. The m-o-m declines were driven by naphtha and fuel oil. These were offset by gains in jet fuel, VGO and gasoil. Y-o-y, total product exports declined by 610 tb/d, or 21%, with declines across all major products except jet fuel.

Commercial Stock Movements

Preliminary November 2023 data shows total OECD commercial oil stocks up by 7.3 mb, m-o-m. At 2,819 mb, they were 25 mb higher than the same time one year ago, but 62 mb lower than the latest five-year average and 122 mb below the 2015–2019 average. Within the components, crude stocks rose by 17.5 mb, while product stocks fell by 10.2 mb, m-o-m.

OECD commercial crude stocks stood at 1,354 mb in November. This was 1.1 mb lower than the same time a year ago, 45 mb below the latest five-year average, and 97 mb lower than the 2015–2019 average.

OECD total product stocks fell by 10.2 mb in November to stand at 1,466 mb. This is 27 mb above the same time a year ago, but 17 mb lower than the latest five-year average and 25 mb below the 2015–2019 average.

In terms of days of forward cover, OECD commercial stocks rose by 0.1 days, m-o-m, in November, to stand at 61.5 days. This is in line with the level in November 2022, but 1.7 days lower than the latest five-year average and 0.7 days less than the 2015–2019 average.

Preliminary data for December 2023 showed that total US commercial oil stocks fell by 18.2 mb, m-o-m, to stand at 1,251 mb. This is 28.5 mb, or 2.3%, higher than the same month in 2022, but 9.9 mb, or 0.8%, below the latest five-year average. Crude and product stocks fell by 14.0 mb and 4.2 mb, m-o-m, respectively.

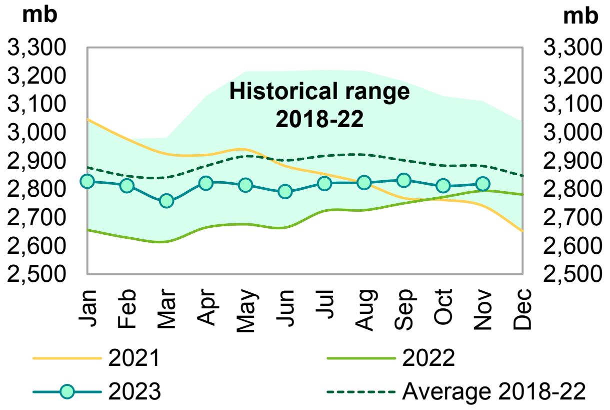
OECD

Preliminary November 2023 data shows **total OECD commercial oil stocks** up by 7.3 mb, m-o-m. At 2,819 mb, they were 25 mb higher than the same time one year ago, but 62 mb lower than the latest five-year average and 122 mb below the 2015–2019 average.

Within the components, crude stocks rose by 17.5 mb, while product stocks fell by 10.2 mb, m-o-m.

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

Graph 9 - 1: OECD commercial oil stocks



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

OECD commercial crude stocks stood at 1,354 mb in November. This was 1.1 mb lower than the same time a year ago, 45 mb below the latest five-year average, and 97 mb lower than the 2015–2019 average.

Within the OECD regions, OECD Americas and OECD Asia Pacific saw crude stock builds of 19.0 mb and 3.9 mb, m-o-m, respectively, while crude stocks in OECD Europe fell by 5.3 mb.

OECD total product stocks fell by 10.2 mb in November to stand at 1,466 mb. This is 27 mb above the same time a year ago, but 17 mb lower than the latest five-year average and 25 mb below the 2015–2019 average.

Within the OECD regions, product stocks in OECD Americas and OECD Asia Pacific witnessed a draw of 8.8 mb and 2.8 mb, respectively, m-o-m, while OECD Europe product stocks saw a build of 1.4 mb.

Table 9 - 1: OECD commercial stocks, mb

OECD stocks	Nov 22	Sep 23	Oct 23	Nov 23	*Change* Nov 23/Oct 23
Crude oil	1,355	1,325	1,336	1,354	*17.5*
Products	1,439	1,507	1,476	1,466	*-10.2*
Total	**2,794**	**2,831**	**2,812**	**2,819**	***7.3***
Days of forward cover	**61.5**	**61.6**	**61.4**	**61.5**	***0.1***

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 rose by 0.1 days, m-o-m, in November, to stand at 61.5 days. This is in line with the level in November 2022, though 1.7 days lower than the latest five-year average and 0.7 days less than the 2015–2019 average.

Within the OECD regions, OECD Americas stood at 0.6 days and OECD Europe 3.3 days below the latest five-year average, at 62.7 days and 69.4 days, respectively. OECD Asia Pacific was 2.6 days below the latest five-year average, standing at 44.9 days.

OECD Americas

OECD Americas' total commercial stocks rose by 10.2 mb, m-o-m, in November to settle at 1,544 mb. This is 53.4 mb higher than the same month in 2022 and 2.2 mb above the latest five-year average.

Commercial **crude oil stocks** in OECD Americas rose by 19.0 mb, m-o-m, in November to stand at 775 mb, which is 34.6 mb higher than in November 2022 and 3.6 mb above the latest five-year average.

By contrast**, total product stocks** in OECD Americas fell m-o-m by 8.8 mb in November to stand at 769 mb. This is 18.8 mb higher than the same month in 2022, but 1.4 mb below the latest five-year average. Higher consumption in the region was behind the product stock draw.

OECD Europe

OECD Europe's total commercial stocks fell by 4.0 mb, m-o-m, in November to settle at 915 mb. This is 14 mb lower than the same month in 2022, and 38 mb below the latest five-year average.

OECD Europe's **commercial crude stocks** fell by 5.3 mb, m-o-m, to end November at 398 mb. This is 27.4 mb less than one year ago and 24.8 mb lower than the latest five-year average.

By contrast, Europe's **total product stocks** rose by 1.4 mb, m-o-m, to end November at 518 mb. This is 13.2 mb above the same time a year ago, but 13.5 mb below the latest five-year average.

OECD Asia Pacific

OECD Asia Pacific's total commercial oil stocks rose by 1.0 mb, m-o-m, in November to stand at 360 mb. This is 13.8 mb lower than the same time a year ago and 26.3 mb below the latest five-year average.

OECD Asia Pacific's **crude stocks** rose by 3.9 mb, m-o-m, to end November at 181 mb. This is 8.4 mb lower than one year ago and 23.8 mb below the latest five-year average.

By contrast, OECD Asia Pacific's **total product stocks** fell by 2.8 mb, m-o-m, to end November at 179 mb. This is 5.4 mb lower than one year ago and 2.5 mb below the latest five-year average.

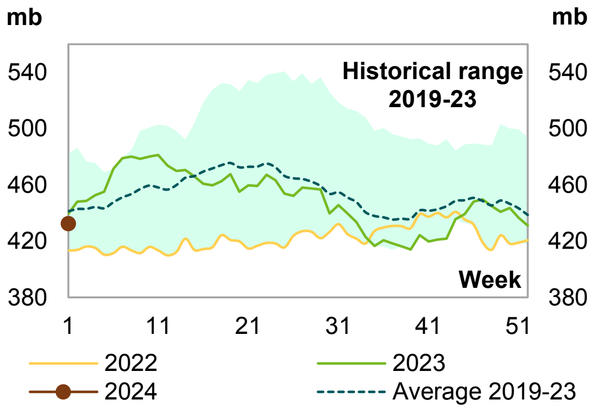
US

Preliminary data for **December 2023** shows that **total US commercial oil stocks** fell by 18.2 mb, m-o-m, to stand at 1,251 mb. This is 28.5 mb, or 2.3%, higher than the same month in 2022, but 9.9 mb, or 0.8%, below the latest five-year average. Crude and product stocks fell by 14.0 mb and 4.2 mb, m-o-m, respectively.

US commercial **crude stocks** in December stood at 431.1 mb. This is 1.0 mb, or 0.2%, higher than the same month in 2022, but 11.3 mb, or 2.6%, below the latest five-year average. The monthly drop in crude oil stocks came on the back of a 785 tb/d, m-o-m, increase in crude runs to 16.88 mb/d.

Total product stocks also fell in December to stand at 820.1 mb. This is 27.6 mb, or 3.5%, higher than December 2022 levels and 1.4 mb, or 0.2%, above the latest five-year average. The product stock draw can be attributed to higher product consumption.

Graph 9 - 2: US weekly commercial crude oil inventories



Sources: EIA and OPEC.

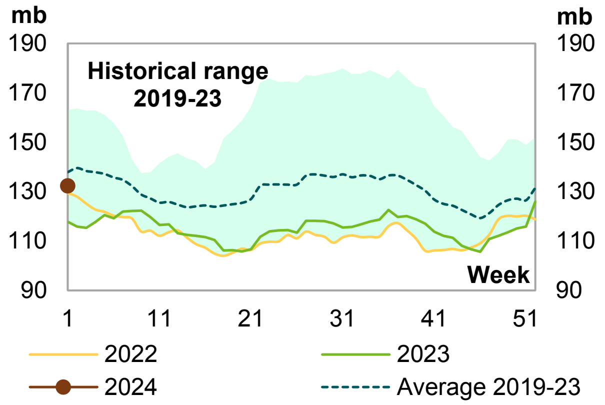
Gasoline stocks rose by 13.4 mb, m-o-m, in December to settle at 237.0 mb. This is 12.5 mb or 5.6%, higher than the same month in 2022, but 3.2 mb, or 1.3%, less than the latest five-year average.

Distillate stocks also increased by 13.8 mb, m-o-m, in December to stand at 125.9 mb. This is 7.0 mb, or 5.9%, higher than the same month in 2022, but 12.2 mb, or 8.8%, below the latest five-year average.

Jet fuel stocks rose by 1.7 mb, m-o-m, ending November at 39.7 mb. This is 4.7 mb, or 13.3%, higher than the same month in 2022 and 1.4 mb, or 3.6%, above the latest five-year average.

By contrast**, residual fuel oil stocks** fell by 1.4 mb, m-o-m, in December. At 24.7 mb, they were 6.0 mb, or 19.7%, lower than a year earlier and 4.4 mb, or 15.2%, below the latest five-year average.

Graph 9 - 3: US weekly distillate inventories



Sources: EIA and OPEC.

Table 9 - 2: US commercial petroleum stocks, mb

US stocks	Dec 22	Oct 23	Nov 23	Dec 23	*Change* Dec 23/Nov 23
Crude oil	**430.1**	**426.1**	**445.0**	**431.1**	***-14.0***
Gasoline	224.4	218.5	223.6	237.0	*13.4*
Distillate fuel	118.9	110.4	112.0	125.9	*13.8*
Residual fuel oil	30.7	27.5	26.1	24.7	*-1.4*
Jet fuel	35.0	39.5	38.0	39.7	*1.7*
Total products	**792.5**	**837.9**	**824.3**	**820.1**	***-4.2***
Total	**1,222.6**	**1,263.9**	**1,269.3**	**1,251.1**	***-18.2***
SPR	**372.0**	**351.3**	**351.9**	**354.4**	***2.5***

Sources: EIA and OPEC.

Japan

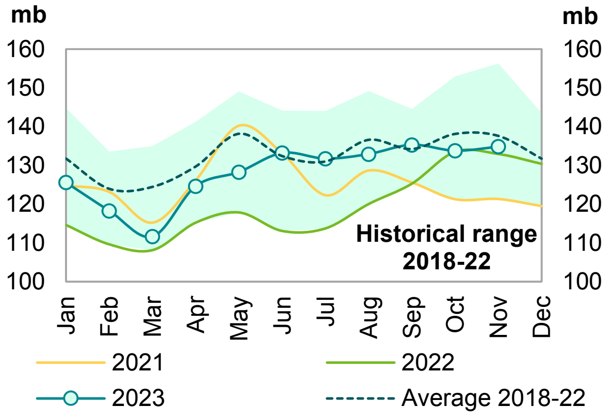
In **Japan**, **total commercial oil stocks** in **November** rose by 1.0 mb, m-o-m, to settle at 134.8 mb. This is 1.9 mb, or 1.4%, higher than the same month in 2022 but 2.8 mb, or 2.0%, below the latest five-year average. Crude stocks rose by 3.9 mb, m-o-m, while product stocks fell by 2.8 mb, m-o-m.

Japanese **commercial crude oil stocks** rose by 3.9 mb, m-o-m, in November to stand at 72.3 mb. This is 5.2 mb, or 7.7%, higher than the same month in 2022 and 1.0 mb, or 1.4%, above the latest five-year average. The build in crude stocks could be attributed to higher crude imports, as they increased in November by 284 tb/d, or 12.3%, to an average of 2.6 mb/d.

Gasoline stocks remained unchanged m-o-m to stand at 10.4 mb in November. This is 0.7 mb, or 6.4% lower than a year earlier, and 0.7 mb, or 6.6% lower than the latest five-year average.

Distillate stocks fell by 0.7 mb, m-o-m, to end November at 31.0 mb. This is 1.1 mb, or 3.3%, less than the same month in 2022 and 1.8 mb, or 5.6%, lower than the latest five-year average.

Graph 9 - 4: Japan's commercial oil stocks



Sources: METI and OPEC.

Within distillate components, jet fuel and gasoil stocks rose by 5.1% and 9.0%, respectively, while kerosene stocks fell by 8.7%.

Total residual fuel oil stocks also fell m-o-m by 0.7 mb to end November at 12.4 mb. This is 0.2 mb, or 1.7%, lower than the same month in 2022 and 0.4 mb, or 3.4%, below the latest five-year average. Within the components, fuel oil A and fuel oil B.C stocks fell by 4.9% and 5.5%, m-o-m, respectively.

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

Japan's stocks	Nov 22	Sep 23	Oct 23	Nov 23	*Change Nov 23/Oct 23*
Crude oil	**67.1**	**72.4**	**68.4**	**72.3**	***3.9***
Gasoline	11.1	10.0	10.4	10.4	*0.0*
Naphtha	10.0	9.0	10.1	8.7	*-1.4*
Middle distillates	32.1	30.5	31.8	31.0	*-0.7*
Residual fuel oil	12.6	13.4	13.0	12.4	*-0.7*
Total products	**65.8**	**63.0**	**65.4**	**62.5**	***-2.8***
Total**	**132.9**	**135.3**	**133.8**	**134.8**	***1.0***

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

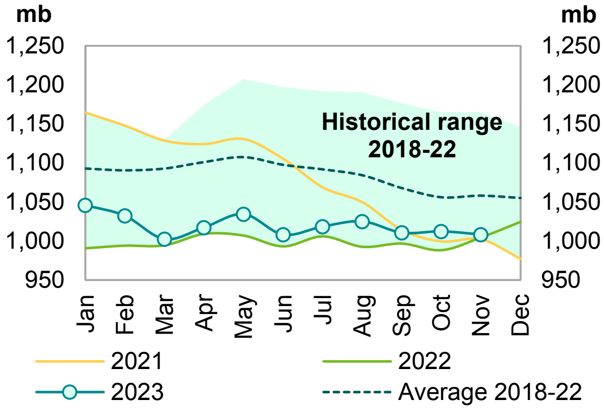
Sources: METI and OPEC.

EU-14 plus UK and Norway

Preliminary data for **November** showed that **total European commercial oil stocks** fell by 4.0 mb, m-o-m, to stand at 1,008 mb. At this level, they were 3.8 mb, or 0.4%, above the same month in 2022, but 49.9 mb, or 4.7%, lower than the latest five-year average. Crude stocks fell by 5.3 mb, while product stocks rose by 1.4 mb, m-o-m.

European **crude stocks** stood at 427.4 mb in November. This is 15.8 mb, or 3.6%, lower than the same month in 2022 and 32.6 mb, or 7.1%, below the latest five-year average. The build in crude oil stocks came on the back of lower refinery throughput in the EU-14, plus the UK and Norway, which fell by around 100 tb/d, m-o-m, to stand at 9.32 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** rose by 1.4 mb, m-o-m, to end November at 580.8 mb. This is 19.6 mb, or 3.5%, higher than the same month in 2022, but 17.3 mb, or 2.9%, below the latest five-year average. The build could be attributed to lower demand in the region.

Gasoline stocks rose by 0.5 mb, m-o-m, in November to stand at 106.7 mb, which is 0.8 mb, or 0.7%, higher than the same time in 2022, but 4.5 mb, or 4.0%, lower than the latest five-year average.

Residual fuel stocks also rose by 1.4 mb, m-o-m, in November to stand at 56.7 mb. This is 6.3 mb, or 10.0%, lower than the same month in 2022 and 5.6 mb, or 9.0%, below the latest five-year average.

Naphtha stocks were additionally up by 0.1 mb, m-o-m, in November, ending the month at 28.3 mb, which is 0.4 mb, or 1.6%, higher than the same time in 2022 and 1.0 mb, or 3.6%, higher than the latest five-year average.

By contrast, **middle distillate stocks** fell by 0.6 mb, m-o-m, in November to stand at 389.1 mb. This is 24.7 mb, or 6.8%, higher than the same month in 2022, but 8.1 mb, or 2.1%, lower than the latest five-year average.

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

EU stocks	Nov 22	Sep 23	Oct 23	Nov 23	*Change Nov 23/Oct 23*
Crude oil	**443.3**	**424.0**	**432.7**	**427.4**	***-5.3***
Gasoline	105.9	105.8	106.2	106.7	*0.5*
Naphtha	27.9	27.9	28.3	28.3	*0.1*
Middle distillates	364.4	395.5	389.7	389.1	*-0.6*
Fuel oils	63.0	57.3	55.3	56.7	*1.4*
Total products	**561.2**	**586.5**	**579.4**	**580.8**	***1.4***
Total	**1,004.5**	**1,010.5**	**1,012.2**	**1,008.2**	***-4.0***

Sources: Argus, Euroilstock and OPEC.

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

Singapore

In **November**, **total product stocks in Singapore** fell by 0.6 mb, m-o-m, to stand at 40.2 mb. This is 2.1 mb, or 4.9%, lower than the same month in 2022 and 4.6 mb, or 10.3%, below the latest five-year average.

Light distillate stocks fell by 0.3 mb, m-o-m, in November to stand at 11.8 mb. This is 2.8 mb, or 19.2%, lower than the same month in 2022 and 1.1 mb, or 8.3%, below the latest five-year average.

Middle distillate stocks also dropped by 0.3 mb, m-o-m, in November to stand at 9.0 mb. This is 1.2 mb, or 15.8%, higher than in November 2022, but 1.6 mb, or 15.5%, lower than the latest five-year average.

Meanwhile, **residual fuel oil stocks** remained unchanged, m-o-m, ending November at 19.4 mb. This is 0.5 mb, or 2.4%, lower than in November 2022 and 1.9 mb, or 8.9%, below the latest five-year average.

ARA

Total product stocks in ARA in November remained unchanged, m-o-m. At 40.1 mb, they were 0.6 mb, or 1.5%, below the same month in 2022, but in line with the latest five-year average.

Gasoline stocks fell by 1.1 mb, m-o-m, ending November at 11.1 mb. This is 0.3 mb, or 2.9%, lower than in November 2022, but 2.2 mb, or 25.1%, above the latest five-year average.

Gasoil stocks in November also fell by 0.2 mb, m-o-m, to stand at 13.0 mb. This is 0.1 mb, or 1.2%, higher than the same month in 2022, but 2.4 mb, or 15.7%, lower than the latest five-year average.

By contrast, **fuel oil stocks** increased by 0.7 mb, m-o-m, in November to stand at 8.2 mb, which is 1.6 mb, or 24.2%, higher than in November 2022, and 1.1 mb, or 16.1%, above the latest five-year average.

Jet oil stocks also rose by 0.4 mb, m-o-m, to stand at 5.8 mb. This is 1.1 mb, or 16.0%, lower than in November 2022 and 0.5 mb, or 7.7%, below the latest five-year average.

Fujairah

During the week ending 8 January 2024, **total oil product stocks in Fujairah** fell by 0.97 mb, w-o-w, to stand at 18.24 mb, according to data from FEDCom and S&P Global Commodity Insights. At this level, total oil stocks were 1.6 mb lower than at the same time a year ago.

Light distillate stocks fell by 0.43 mb, w-o-w, to stand at 6.83 mb, which is 0.19 mb lower than a year ago.

Heavy distillate stocks also fell by 1.34 mb, w-o-w, to stand at 8.61 mb, which is 1.45 mb below the same period a year ago.

By contrast, **middle distillate stocks** rose w-o-w, increasing by 0.81 mb to stand at 2.80 mb, which is 0.04 mb higher than the same time last year.

Balance of Supply and Demand

Demand for OPEC crude in 2023 stood at 27.6 mb/d. This is around 0.3 mb/d higher than in 2022.

According to secondary sources, OPEC crude production in 1Q23 averaged 27.8 mb/d, which is 0.7 mb/d higher than demand for OPEC crude. In 2Q23, OPEC crude production averaged 27.2 mb/d, which is 0.4 mb/d lower than demand for OPEC crude. OPEC crude production in 3Q23 averaged 26.4 mb/d, which is 0.9 mb/d lower than demand for OPEC crude. In 4Q23, OPEC crude production averaged 26.7 mb/d, which is 1.9 mb/d lower than demand for OPEC crude. For the whole year of 2023, OPEC crude production averaged 27.0 mb/d, which is 0.6 mb/d lower than demand for OPEC crude.

Demand for OPEC crude in 2024 is forecast to stand at 28.5 mb/d, which is 0.8 mb/d higher than the estimated level in 2023.

Based on an initial forecast for global demand, total non-OPEC supply and OPEC NGLs, demand for OPEC crude in 2025 is forecast to stand at 29.0 mb/d, which is 0.5 mb/d higher than the forecast level in 2024.

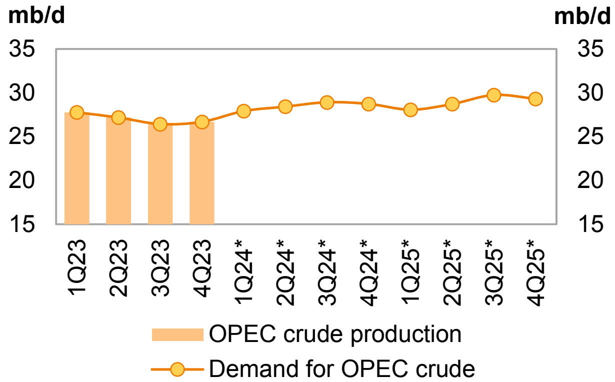
Balance of supply and demand in 2023

Demand for OPEC crude in 2023 stood at 27.6 mb/d. This is around 0.3 mb/d higher than in 2022.

Compared with the same quarters in 2022, demand for OPEC crude in 2Q23, 3Q23 and 4Q23 is estimated to be higher by 0.5 mb/d, 0.3 mb/d and 1.0 mb/d respectively, while demand for OPEC crude in 1Q23 is estimated to be down by 0.5 mb/d.

According to secondary sources, OPEC crude production averaged 27.8 mb/d in 1Q23, which is 0.7 mb/d higher than demand for OPEC crude. In 2Q23, OPEC production averaged 27.2 mb/d, which is 0.4 mb/d lower than demand for OPEC crude. In 3Q23, OPEC production averaged 26.4 mb/d, which is 0.9 mb/d lower than demand for OPEC crude. In 4Q23, OPEC production averaged 26.7 mb/d, which is 1.9 mb/d lower than demand for OPEC crude. For the whole year of 2023, OPEC production averaged 27.0 mb/d, which is 0.6 mb/d lower than demand for OPEC crude.

Graph 10 - 1: Balance of supply and demand, 2023–2025*



*Note: * 1Q24-4Q25 = Forecast.*
Source: OPEC.

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

	2022	1Q23	2Q23	3Q23	4Q23	2023	Change 2023/22
(a) World oil demand	**99.66**	**101.30**	**101.75**	**102.21**	**103.18**	**102.11**	***2.46***
Non-OPEC liquids production	66.98	68.79	68.76	69.46	69.21	69.06	*2.08*
OPEC NGL and non-conventionals	5.36	5.40	5.44	5.39	5.39	5.41	*0.05*
(b) Total non-OPEC liquids production and OPEC NGLs	**72.34**	**74.20**	**74.20**	**74.86**	**74.61**	**74.47**	***2.12***
Difference (a-b)	**27.31**	**27.10**	**27.55**	**27.35**	**28.58**	**27.65**	***0.34***
OPEC crude oil production	**27.73**	**27.76**	**27.17**	**26.43**	**26.69**	**27.01**	***-0.72***
Balance	**0.41**	**0.66**	**-0.37**	**-0.92**	**-1.89**	**-0.64**	***-1.05***

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

Balance of supply and demand in 2024

Demand for OPEC crude in 2024 is forecast to stand at 28.5 mb/d, which is 0.8 mb/d higher than the estimated level in 2023.

Compared with the same quarters in 2023, demand for OPEC crude in 1Q24 and 2Q24 is forecast to be 0.8 mb/d and 0.9 mb/d higher. The demand for OPEC crude in 3Q24 and 4Q24 is expected to be 1.6 mb/d and 0.1 mb/d higher.

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

	2023	1Q24	2Q24	3Q24	4Q24	2024	*Change 2024/23*
(a) World oil demand	**102.11**	**103.32**	**103.92**	**104.89**	**105.29**	**104.36**	***2.25***
Non-OPEC liquids production	69.06	69.96	70.00	70.52	71.10	70.40	*1.34*
OPEC NGL and non-conventionals	5.41	5.45	5.50	5.46	5.46	5.47	*0.06*
(b) Total non-OPEC liquids production and OPEC NGLs	**74.47**	**75.42**	**75.50**	**75.98**	**76.56**	**75.87**	***1.40***
Difference (a-b)	**27.65**	**27.91**	**28.41**	**28.91**	**28.72**	**28.49**	***0.84***

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

Source: OPEC.

Balance of supply and demand in 2025

Based on an initial forecast for global demand, total non-OPEC supply and OPEC NGLs, **demand for OPEC crude in 2025** is forecast to stand at 29.0 mb/d, which is 0.5 mb/d higher than the forecast level in 2024.

Compared with the same quarters in 2024, demand for OPEC crude in 1Q25 and 2Q25 is forecast to be 0.2 mb/d and 0.3 mb/d higher, respectively. The demand for OPEC crude in 3Q25 and 4Q25 is expected to be 0.8 mb/d and 0.6 mb/d higher.

Table 10 - 3: Supply/demand balance for 2025*, mb/d

	2024	1Q25	2Q25	3Q25	4Q25	2025	*Change 2025/24*
(a) World oil demand	**104.36**	**105.15**	**105.65**	**106.95**	**107.05**	**106.21**	***1.85***
Non-OPEC liquids production	70.40	71.54	71.34	71.63	72.16	71.67	*1.27*
OPEC NGL and non-conventionals	5.47	5.55	5.61	5.58	5.58	5.58	*0.11*
(b) Total non-OPEC liquids production and OPEC NGLs	**75.87**	**77.09**	**76.95**	**77.21**	**77.74**	**77.25**	***1.38***
Difference (a-b)	**28.49**	**28.07**	**28.71**	**29.74**	**29.30**	**28.96**	***0.47***

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

Source: OPEC.

Appendix

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

World oil demand and supply balance	2021	2022	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25	3Q25	4Q25	2025
World demand													
Americas	24.28	24.79	24.99	24.65	25.35	25.56	25.09	25.17	24.71	25.40	25.68	25.17	25.24
of which US	*20.03*	*20.16*	*20.27*	*20.06*	*20.64*	*20.64*	*20.29*	*20.41*	*20.09*	*20.67*	*20.70*	*20.34*	*20.45*
Europe	13.19	13.51	13.42	13.16	13.60	13.69	13.43	13.47	13.18	13.61	13.71	13.44	13.49
Asia Pacific	7.34	7.38	7.37	7.84	6.97	7.09	7.65	7.39	7.85	6.98	7.10	7.66	7.40
Total OECD	**44.81**	**45.68**	**45.77**	**45.64**	**45.93**	**46.34**	**46.17**	**46.02**	**45.73**	**46.00**	**46.50**	**46.28**	**46.13**
China	15.10	14.95	16.15	16.13	16.77	17.09	17.14	16.78	16.56	17.15	17.53	17.53	17.19
India	4.77	5.14	5.34	5.63	5.64	5.40	5.59	5.56	5.85	5.88	5.61	5.82	5.79
Other Asia	8.67	9.07	9.28	9.61	9.74	9.49	9.51	9.59	9.90	10.07	9.82	9.81	9.90
Latin America	6.25	6.44	6.68	6.79	6.88	6.97	6.84	6.87	6.99	7.07	7.19	7.04	7.07
Middle East	7.79	8.30	8.63	8.91	8.76	9.38	9.00	9.01	9.29	9.10	9.84	9.35	9.40
Africa	4.22	4.40	4.46	4.65	4.37	4.39	4.82	4.56	4.77	4.47	4.52	4.93	4.67
Russia	3.62	3.75	3.84	3.89	3.80	3.99	4.08	3.94	3.95	3.85	4.05	4.12	3.99
Other Eurasia	1.21	1.15	1.17	1.27	1.24	1.08	1.28	1.22	1.30	1.27	1.12	1.31	1.25
Other Europe	0.75	0.77	0.79	0.81	0.78	0.77	0.84	0.80	0.82	0.79	0.78	0.85	0.81
Total Non-OECD	**52.38**	**53.98**	**56.35**	**57.68**	**57.99**	**58.55**	**59.11**	**58.34**	**59.42**	**59.66**	**60.45**	**60.76**	**60.08**
(a) Total world demand	**97.19**	**99.66**	**102.11**	**103.32**	**103.92**	**104.89**	**105.29**	**104.36**	**105.15**	**105.65**	**106.95**	**107.05**	**106.21**
Y-o-y change	***5.94***	***2.46***	***2.46***	***2.03***	***2.17***	***2.68***	***2.10***	***2.25***	***1.83***	***1.74***	***2.06***	***1.76***	***1.85***
Non-OPEC liquids production													
Americas	25.46	26.91	28.50	28.96	29.00	29.47	29.78	29.30	29.82	29.72	30.09	30.38	30.00
of which US	*18.06*	*19.28*	*20.76*	*21.02*	*21.24*	*21.51*	*21.67*	*21.36*	*21.72*	*21.87*	*22.07*	*22.19*	*21.96*
Europe	3.79	3.58	3.63	3.84	3.72	3.67	3.81	3.76	3.94	3.81	3.79	3.90	3.86
Asia Pacific	0.51	0.48	0.45	0.46	0.43	0.44	0.42	0.44	0.43	0.42	0.43	0.43	0.43
Total OECD	**29.77**	**30.97**	**32.58**	**33.25**	**33.15**	**33.57**	**34.01**	**33.50**	**34.18**	**33.95**	**34.31**	**34.71**	**34.29**
China	4.32	4.48	4.57	4.59	4.58	4.55	4.55	4.57	4.61	4.59	4.55	4.55	4.57
India	0.78	0.77	0.77	0.79	0.79	0.79	0.78	0.79	0.78	0.79	0.80	0.80	0.80
Other Asia	2.42	2.30	2.27	2.25	2.23	2.21	2.21	2.22	2.21	2.17	2.14	2.14	2.16
Latin America	5.96	6.34	6.93	7.14	7.17	7.29	7.37	7.24	7.44	7.47	7.54	7.60	7.51
Middle East	3.19	3.29	3.27	3.28	3.31	3.30	3.31	3.30	3.32	3.35	3.34	3.34	3.34
Africa	2.50	2.46	2.40	2.36	2.36	2.40	2.43	2.39	2.41	2.40	2.40	2.40	2.40
Russia	10.80	11.03	10.78	10.74	10.78	10.79	10.79	10.77	10.81	10.80	10.79	10.82	10.81
Other Eurasia	2.93	2.83	2.92	2.93	3.01	2.99	3.03	2.99	3.09	3.13	3.07	3.11	3.10
Other Europe	0.11	0.11	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Total Non-OECD	**33.01**	**33.61**	**34.01**	**34.19**	**34.33**	**34.43**	**34.57**	**34.38**	**34.77**	**34.81**	**34.74**	**34.87**	**34.80**
Total Non-OPEC production	62.77	64.59	66.59	67.44	67.48	68.00	68.58	67.88	68.96	68.76	69.05	69.58	69.09
Processing gains	2.29	2.40	2.47	2.52	2.52	2.52	2.52	2.52	2.58	2.58	2.58	2.58	2.58
Total Non-OPEC liquids production	**65.06**	**66.98**	**69.06**	**69.96**	**70.00**	**70.52**	**71.10**	**70.40**	**71.54**	**71.34**	**71.63**	**72.16**	**71.67**
OPEC NGL + non-conventional oils	5.25	5.36	5.41	5.45	5.50	5.46	5.46	5.47	5.55	5.61	5.58	5.58	5.58
(b) Total non-OPEC liquids production and OPEC NGLs	**70.31**	**72.34**	**74.47**	**75.42**	**75.50**	**75.98**	**76.56**	**75.87**	**77.09**	**76.95**	**77.21**	**77.74**	**77.25**
Y-o-y change	***0.76***	***2.04***	***2.12***	***1.22***	***1.31***	***1.12***	***1.96***	***1.40***	***1.67***	***1.44***	***1.23***	***1.18***	***1.38***
OPEC crude oil production (secondary sources)	25.22	27.73	27.01										
Total liquids production	95.53	100.07	101.48										
Balance (stock change and miscellaneous)	-1.66	0.41	-0.64										
OECD closing stock levels, *mb*													
Commercial	2,652	2,781											
SPR	1,484	1,214											
Total	**4,136**	**3,995**											
Oil-on-water	1,202	1,399											
Days of forward consumption in OECD, *days*													
Commercial onland stocks	58	61											
SPR	32	27											
Total	**91**	**87**											
Memo items													
(a) - (b)	**26.89**	**27.31**	**27.65**	**27.91**	**28.41**	**28.91**	**28.72**	**28.49**	**28.07**	**28.71**	**29.74**	**29.30**	**28.96**

Note: Non-OPEC supply includes Angola.

Totals may not add up due to independent rounding.

Source: OPEC.

Table 11 - 2: OECD oil stocks and oil on water at the end of period

OECD oil stocks and oil on water	2020	2021	2022	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Closing stock levels, mb											
OECD onland commercial	**3,037**	**2,651**	**2,781**	**2,651**	**2,615**	**2,664**	**2,750**	**2,781**	**2,759**	**2,792**	**2,831**
Americas	1,614	1,470	1,492	1,470	1,408	1,435	1,473	1,492	1,489	1,513	1,528
Europe	1,043	857	936	857	890	911	918	936	919	920	939
Asia Pacific	380	324	353	324	317	318	359	353	351	359	364
OECD SPR	**1,541**	**1,484**	**1,214**	**1,484**	**1,442**	**1,343**	**1,246**	**1,214**	**1,217**	**1,206**	**1,210**
Americas	640	596	374	596	568	495	418	374	373	349	353
Europe	487	479	461	479	468	452	448	461	460	470	473
Asia Pacific	414	409	378	409	406	395	380	378	383	387	384
OECD total	**4,578**	**4,135**	**3,995**	**4,135**	**4,057**	**4,008**	**3,996**	**3,995**	**3,976**	**3,998**	**4,041**
Oil-on-water	**1,148**	**1,202**	**1,399**	**1,202**	**1,231**	**1,304**	**1,407**	**1,399**	**1,413**	**1,302**	**1,220**
Days of forward consumption in OECD, days											
OECD onland commercial	**68**	**58**	**61**	**58**	**58**	**58**	**60**	**61**	**60**	**60**	**62**
Americas	66	59	60	59	57	57	59	61	59	59	61
Europe	79	63	70	65	66	65	69	71	68	67	70
Asia Pacific	52	44	48	42	46	44	47	45	50	51	48
OECD SPR	**35**	**34**	**34**	**32**	**32**	**29**	**27**	**27**	**27**	**26**	**26**
Americas	26	24	24	24	23	20	17	15	15	14	14
Europe	37	35	36	36	35	32	34	35	34	34	35
Asia Pacific	56	55	55	53	59	55	50	48	55	55	50
OECD total	**103**	**93**	**95**	**90**	**90**	**87**	**87**	**88**	**87**	**87**	**88**

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

Table 11 - 3: Non-OPEC liquids production and OPEC natural gas liquids, mb/d*

Non-OPEC liquids production and OPEC NGLs	2023	*Change 2023/22*	1Q24	2Q24	3Q24	4Q24	2024	*Change 2024/23*	1Q25	2Q25	3Q25	4Q25	2025	*Change 2025/24*
US	20.8	*1.5*	21.0	21.2	21.5	21.7	21.4	*0.6*	21.7	21.9	22.1	22.2	22.0	*0.6*
Canada	5.6	*0.0*	5.9	5.7	5.9	6.0	5.9	*0.2*	6.1	5.8	6.0	6.2	6.0	*0.2*
Mexico	2.1	*0.1*	2.1	2.1	2.1	2.1	2.1	*0.0*	2.0	2.0	2.0	2.0	2.0	*-0.1*
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	**28.5**	***1.6***	**29.0**	**29.0**	**29.5**	**29.8**	**29.3**	***0.8***	**29.8**	**29.7**	**30.1**	**30.4**	**30.0**	***0.7***
Norway	2.0	*0.1*	2.2	2.1	2.1	2.2	2.1	*0.1*	2.3	2.2	2.2	2.3	2.2	*0.1*
UK	0.8	*-0.1*	0.8	0.8	0.7	0.8	0.8	*0.0*	0.8	0.8	0.7	0.8	0.8	*0.0*
Denmark	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*
Other OECD	0.8	*0.0*	0.8	0.8	0.8	0.8	0.8	*0.0*	0.8	0.8	0.8	0.8	0.8	*0.0*
OECD Europe	**3.6**	***0.1***	**3.8**	**3.7**	**3.7**	**3.8**	**3.8**	***0.1***	**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	0.3	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	**0.4**	***0.0***	**0.5**	**0.4**	**0.4**	**0.4**	**0.4**	***0.0***	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	***0.0***
Total OECD	**32.6**	***1.6***	**33.3**	**33.1**	**33.6**	**34.0**	**33.5**	***0.9***	**34.2**	**34.0**	**34.3**	**34.7**	**34.3**	***0.8***
China	**4.6**	***0.1***	**4.6**	**4.6**	**4.6**	**4.5**	**4.6**	***0.0***	**4.6**	**4.6**	**4.5**	**4.6**	**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*	0.8	0.8	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*	0.5	0.5	0.5	0.5	0.5	*0.0*
Thailand	0.4	*0.0*	0.4	0.3	0.3	0.3	0.3	*0.0*	0.3	0.3	0.3	0.3	0.3	*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**	***0.0***	**2.3**	**2.2**	**2.2**	**2.2**	**2.2**	***0.0***	**2.2**	**2.2**	**2.1**	**2.1**	**2.2**	***-0.1***
Argentina	0.8	*0.1*	0.8	0.9	0.9	0.9	0.9	*0.0*	0.9	0.9	0.9	0.9	0.9	*0.1*
Brazil	4.1	*0.4*	4.2	4.2	4.3	4.3	4.3	*0.1*	4.4	4.4	4.5	4.5	4.4	*0.2*
Colombia	0.8	*0.0*	0.8	0.8	0.8	0.8	0.8	*0.0*	0.8	0.8	0.8	0.8	0.8	*0.0*
Ecuador	0.5	*0.0*	0.5	0.5	0.5	0.5	0.5	*0.0*	0.5	0.5	0.5	0.5	0.5	*0.0*
Guyana	0.4	*0.1*	0.5	0.5	0.6	0.6	0.5	*0.2*	0.6	0.6	0.6	0.6	0.6	*0.1*
Latin America 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*
Latin America	**6.9**	***0.6***	**7.1**	**7.2**	**7.3**	**7.4**	**7.2**	***0.3***	**7.4**	**7.5**	**7.5**	**7.6**	**7.5**	***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	1.0	*0.0*	1.0	1.1	1.1	1.1	1.1	*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*
Middle East others	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*
Middle East	**3.3**	***0.0***	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	***0.0***	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	***0.0***
Angola	1.1	*0.0*	1.1	1.1	1.1	1.1	1.1	*0.0*	1.1	1.1	1.0	1.0	1.1	*0.0*
Chad	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*
Egypt	0.6	*0.0*	0.6	0.6	0.6	0.6	0.6	*0.0*	0.6	0.6	0.6	0.6	0.6	*0.0*
Ghana	0.1	*0.0*	0.1	0.1	0.1	0.2	0.1	*0.0*	0.2	0.2	0.2	0.2	0.2	*0.0*
South Africa	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*	0.1	0.1	0.1	0.1	0.1	*0.0*
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 others	0.2	*0.0*	0.2	0.2	0.2	0.2	0.2	*0.0*	0.3	0.3	0.3	0.3	0.3	*0.1*
Africa	**2.4**	***-0.1***	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	***0.0***	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	***0.0***
Russia	**10.8**	***-0.3***	**10.7**	**10.8**	**10.8**	**10.8**	**10.8**	***0.0***	**10.8**	**10.8**	**10.8**	**10.8**	**10.8**	***0.0***
Kazakhstan	1.9	*0.1*	1.9	2.0	2.0	2.0	2.0	*0.1*	2.1	2.1	2.0	2.1	2.1	*0.1*
Azerbaijan	0.7	*0.0*	0.7	0.7	0.7	0.7	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	**2.9**	***0.1***	**2.9**	**3.0**	**3.0**	**3.0**	**3.0**	***0.1***	**3.1**	**3.1**	**3.1**	**3.1**	**3.1**	***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	**34.0**	***0.4***	**34.2**	**34.3**	**34.4**	**34.6**	**34.4**	***0.4***	**34.8**	**34.8**	**34.7**	**34.9**	**34.8**	***0.4***
Non-OPEC	66.6	*2.0*	67.4	67.5	68.0	68.6	67.9	*1.3*	69.0	68.8	69.1	69.6	69.1	*1.2*
Processing gains	2.5	*0.1*	2.5	2.5	2.5	2.5	2.5	*0.1*	2.6	2.6	2.6	2.6	2.6	*0.1*
Non-OPEC supply	**69.1**	***2.1***	**70.0**	**70.0**	**70.5**	**71.1**	**70.4**	***1.3***	**71.5**	**71.3**	**71.6**	**72.2**	**71.7**	***1.3***
OPEC NGL	5.3	*0.0*	5.4	5.4	5.4	5.4	5.4	*0.1*	5.4	5.5	5.5	5.5	5.5	*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**	***0.0***	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**	***0.1***	**5.5**	**5.6**	**5.6**	**5.6**	**5.6**	***0.1***
Non-OPEC & OPEC (NGL+NCF)	**74.5**	***2.1***	**75.4**	**75.5**	**76.0**	**76.6**	**75.9**	***1.4***	**77.1**	**76.9**	**77.2**	**77.7**	**77.2**	***1.4***

Note: Non-OPEC supply includes Angola.

Totals may not add up due to independent rounding.

Source: OPEC.

Table 11 - 4: World rig count, units

World rig count	2021	2022	2023	Change 2023/22	2Q23	3Q23	4Q23	Nov 23	Dec 23	Change Dec/Nov
US	475	722	688	-34	719	648	622	620	623	3
Canada	133	174	177	3	119	188	181	196	154	-42
Mexico	45	47	55	8	60	54	59	59	60	1
OECD Americas	**654**	**945**	**921**	**-24**	**900**	**892**	**862**	**875**	**838**	**-37**
Norway	17	17	17	0	13	19	18	15	18	3
UK	8	10	12	2	13	10	12	13	12	-1
OECD Europe	**58**	**65**	**66**	**1**	**67**	**64**	**66**	**63**	**67**	**4**
OECD Asia Pacific	**23**	**24**	**25**	**1**	**27**	**25**	**23**	**22**	**24**	**2**
Total OECD	**735**	**1,034**	**1,012**	**-22**	**994**	**981**	**951**	**960**	**929**	**-31**
Other Asia*	174	186	204	18	210	206	206	210	204	-6
Latin America	91	119	120	1	122	118	113	114	111	-3
Middle East	57	62	61	-1	61	59	62	63	61	-2
Africa	46	64	67	3	65	66	68	69	68	-1
Other Europe	9	10	11	1	11	10	10	10	10	0
Total Non-OECD	**377**	**441**	**463**	**22**	**469**	**459**	**459**	**466**	**454**	**-12**
Non-OPEC rig count	**1,112**	**1,475**	**1,475**	**0**	**1,463**	**1,440**	**1,410**	**1,426**	**1,383**	**-43**
Algeria	26	32	36	4	33	37	43	47	38	-9
Congo	0	1	1	0	2	2	0	0	0	0
Equatorial Guinea**	0	0	0	0	0	0	0	0	0	0
Gabon	2	3	3	0	3	3	3	4	4	0
Iran**	117	117	117	0	117	117	117	117	117	0
Iraq	39	51	61	10	62	62	62	62	62	0
Kuwait	25	27	24	-3	25	24	24	25	23	-2
Libya	13	7	14	7	15	14	17	18	16	-2
Nigeria	7	10	14	4	13	16	14	14	16	2
Saudi Arabia	62	73	83	10	83	85	84	87	80	-7
UAE	42	47	57	10	57	56	62	63	62	-1
Venezuela	6	3	2	-1	3	2	2	2	2	0
OPEC rig count	**339**	**371**	**412**	**41**	**413**	**418**	**428**	**439**	**420**	**-19**
World rig count***	**1,451**	**1,846**	**1,887**	**41**	**1,876**	**1,858**	**1,838**	**1,865**	**1,803**	**-62**
of which:										
Oil	1,143	1,463	1,498	35	1,484	1,477	1,464	1,484	1,437	-47
Gas	275	352	357	5	347	338	333	338	325	-13
Others	33	31	32	1	46	43	41	43	41	-2

*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 5.92 in December

December 2023	79.00
November 2023	84.92
Annual average	**82.95**

December OPEC crude production

mb/d, according to secondary sources

up 0.07 in December

December 2023	26.70
November 2023	26.63

Economic growth rate

per cent

	World	OECD	US	Eurozone	Japan	China	India
2023	3.0	1.6	2.4	0.5	1.9	5.2	6.8
2024	2.6	0.9	1.0	0.5	0.9	4.8	5.9
2025	2.8	1.4	1.5	1.2	1.0	4.6	6.1

Supply and demand balance

mb/d

		Change		Change		Change
	2023	**23/22**	**2024**	**24/23**	**2025**	**25/24**
World demand	102.1	2.5	104.4	2.2	106.2	1.8
Non-OPEC liquids production	69.1	2.1	70.4	1.3	71.7	1.3
OPEC NGLs	5.4	0.0	5.5	0.1	5.6	0.1
Difference	**27.6**	**0.3**	**28.5**	**0.8**	**29.0**	**0.5**

OECD commercial stocks

mb

	Sep 23	Oct 23	Nov 23	Nov 23/Oct 23
Crude oil	1,325	1,336	1,354	17.5
Products	1,507	1,476	1,466	–10.2
Total	**2,831**	**2,812**	**2,819**	**7.3**
Days of forward cover	61.6	61.4	61.5	0.1

Next report to be issued on 13 February 2024.