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Energy Risk Management Services

International Petroleum Analysis March 13, 2009

World Petroleum Perspectives
Monthly Review and Outlook

Summary

Since our last report most of the economic news on virtually all fronts has been dismal. Pundits are blaming everyone in Washington for either a lack of action, inappropriate action, or a lack of details in anything that may be market friendly. As we issue this report, equity markets have rebounded off the recent lows in response to possible stability in the banking sector, but clearly skepticism remains. On the global petroleum front, analysts and agencies are slashing their demand estimates for 2009, just as they revised up their outlooks continuously in late 2007 and early 2008. From our perspective, clearly our conservative outlook on world oil demand for last year was close to the mark, requiring little revision as last year progressed. While we may end up significantly *off* the mark this year, nonetheless we are not compelled to be drawn into the malaise of the moment.

Stepping back, our updated balances still suggest a significantly more constructive outlook for world oil demand and the balance as a whole for 2009 than consensus expectations. Granted, our numbers and economic assumptions imply a decline in global oil consumption in the first two quarters versus last year. However, in the second half, consistent with our long-standing assumptions, our outlook suggests the year-over-year global demand comparisons will improve. The net effect is a modest rise in world oil demand for 2009 as a whole, in stark contrast to the current consensus which expects close to a 1.0 MMB/D decline for this year. With regard to non-OPEC supply, we anticipate a modest net gain, with increases coming largely from Brazil, the United States, and the FSU. In terms of Russian production itself, however, we expect a decline from last year. Elsewhere, there is little indication of a turnaround in Mexico production anytime soon, while we look for further falls as well in the North Sea.

With regard to OPEC, our balances have not assumed a further official reduction at the March 15 meeting, but rather a continuation of the current level of compliance we estimate in effect for March. If our assumption is reasonable and OPEC can "hold the line" through the second quarter, it will lead to an unprecedented global stock draw in the April-June period, allowing usable commercial, or discretionary stocks to end June roughly even with last year, a clear improvement from current conditions. Our scenario should lead to a recovery in crude oil prices from current levels, peaking in the third quarter.

+ World oil demand is expected to rise by 0.3%, or some 280 MB/D in 2009.

+ Non-OPEC supplies are forecast to rise by only 455 MB/D this year.

+ With OPEC assumed to not relax current crude oil sales levels until the third quarter, our balances imply a net stock draw for 2009 averaging about 435 MB/D.

Viewpoint

Since we issued our previous monthly report most of the economic news on virtually all fronts has been dismal. The customary pundits have been are blaming literally everyone in Washington for either a lack of action, inappropriate action, or an absence of details about any programs that are remotely market friendly.

As we issue this report, equity markets have rebounded off the recent lows in response to possible stability in the banking sector following word from a few key money center banks that they were "profitable" in the first two months of the year. There is no question, however, that skepticism remains.

On the global petroleum front, analysts and agencies are slashing their demand estimates for 2009, just as they revised up their outlooks continuously in late 2007 and early 2008. Since our last report, however, prompt WTI has recovered by more than $2.00 per barrel, reflecting a progressive decline in Cushing crude oil stocks.

From our own perspective, our consistently conservative outlook for world oil demand for last year ended up close to the mark, requiring little revision on our part as last year progressed.

If one believes in reversion to the mean, however, we may end up significantly *off* the mark this year. Nonetheless, we are not compelled to be drawn into the malaise of the moment and become one of the predominant bears on the world oil balance.

Stepping back, our updated outlook still implies a significantly more constructive outlook for world oil demand and the balance overall for 2009 than consensus expectations.

Granted, our numbers and economic assumptions imply a decline in global oil consumption in the first two quarters versus last year. For the current period, for example, we estimate a fall in world oil demand of almost 1.0%.

However, in the second half, consistent with our long-standing assumptions, our outlook suggests the year-over-year global demand comparisons will improve. Fourth quarter world oil demand is forecast to rise by 1.2% versus the fourth quarter of 2008.

The *net* effect is a modest rise in world oil demand for 2009 as a whole, in stark contrast to the current consensus which expects close to a 1.0 MMB/D decline for this year.

With regard to non-OPEC supply, we anticipate a modest net gain, with increases coming largely from Brazil, a recovery in the United States, and a gain from the FSU. In terms of Russian production itself, however, we expect a modest decline from last year.

Elsewhere, there is little indication that Mexico production will stabilize anytime soon, and we anticipate further declines in the North Sea as well.

With regard to OPEC, our balances have not assumed a further official reduction at the March 15 meeting, but rather a continuation of the current level of compliance we estimate in effect for March.

If our assumption is reasonable and OPEC can "hold the line" through the second quarter, it will lead to an unprecedented global stock draw in the April-June period, allowing usable commercial, or discretionary stocks to end June about even with the prior year.

By the end of 2009 we expect the days supply of global stocks to lie below end-2008 by some 2 days. Our scenario should lead to a recovery in crude oil prices from current levels into the third quarter before peaking for the year.

Global Oil Demand

World oil demand is forecast to rise by 0.3%, or about 280 MB/D this year. Our current Base Case marks a downward revision form last month by a minimal 20 MB/D as a result of fine tuning.

OECD oil demand is expected to decline by 1.2%, or about 510 MB/D in 2009, while non-OECD demand is forecast to rise by 2.0%, or some 800 MB/D.

In contrast and for comparison purposes, the latest assessment from the IEA is calling for a 1.2 MMB/D decline in world oil demand this year, a cut from their previous report by 270 MB/D. The Agency expects OECD oil consumption to fall by 1.6 MMB/D, while non-OECD demand is pegged to rise by 400 MB/D.

Thus, the IEA is more bearish for both OECD and non-OECD demand prospects than we are for 2009 as a whole. Our scenario suggests that following a decline in the first half of the year, the third and fourth quarters will witness stability followed by a nominal rise in demand by year end.

United States

Once again, the DOE will not be publishing year-to-date preliminary demand data for 2009 until the stats for the week ending April 3 are issued, when January "near final" numbers via the Petroleum Supply Monthly will be published.

As such, the data for the most recent four-week rolling average reveals that on a highly preliminary basis U.S. implied refined product demand was off by 2.1%, or some 425 MB/D from last year.

What has struck most observers, however, is that within this aggregate the DOE reports that motor gasoline demand is up by 1.6%. Most analysts accept the numbers at face value and assume consumers are driving a bit more in response to lower retail prices.

While this is true to some degree, the stats are comparing apples to oranges, i.e. last year's numbers which are near final and *were* revised down, with this year's numbers which are preliminary and which will *likely* be revised down.

Thus, the year-over-year comparisons are currently more favorable than they will on a final basis. We believe the rate of decline in gasoline demand is moderating, but likely will decline in the first quarter nonetheless.

For 2009 as a whole, we expect implied gasoline demand to be off by 1.2%, or about 110 MB/D, in contrast to last year's fall of 3.5%, or some 330 MB/D. While as previously discussed we expect average fleet fuel efficiency to improve this year, this variable will be partially offset by a recovery in driving in the second half of the year under our relatively optimistic economic assumptions.

In this context, the "rest of the barrel" will eventually stabilize and improve if, as we heroically assume, manufacturing activity begins a slow recovery before the end of the year. On balance, we are looking for U.S. refined product demand to fall by 1.4%, or around 270 MB/D in 2009, less than last year's drop of 6.2%, or almost 1.3 MMB/D.

Europe

January witnessed a severe cold spell in Europe, which boosted gasoil consumption from the previous year, although relatively high consumer stocks, particularly within large users such as Germany, dampened the "pull" on the primary system.

There was also incremental consumption reflecting reduced Russian natural gas supplies until the dispute with the Ukraine was resolved, but this overall effect was relatively minimal.

However, higher mid-barrel usage failed to offset continued declines for the other refinery "cuts" such as naphtha, gasoline, jet fuel and diesel fuel, reflecting deteriorating economic activity.

As with the United States, we expect some stability later this year, but *unlike* the U.S. demand is expected to show negative quarterly comparisons with 2008 through the end of the year. For 2009 as a whole, we are looking for OECD Europe oil demand to fall by 1.3%, or some 150 MB/D.

Japan and South Korea

As with Europe, Japan witnessed a colder January than normal and versus January of 2008, yet total product demand continued to fall. Higher kerosene consumption for space heating was accompanied by a marginal recovery in gasoline demand.

However, these gains were not outweighed by declines in those products most sensitive to manufacturing activity such as petrochemical feedstocks, lubricants, and heavy fuel oil. January industrial production dropped by double digits compared to January of 2008.

Nonetheless, for the sake of consistency we anticipate some seeds of stability later this year, but as with Europe expect negative demand comparisons through the end of 2009.

On balance, we anticipate Japan oil demand to decline by 1.7%, or about 80 MB/D, a somewhat larger decline than experienced last year reflecting the timing of Japan's downturn. In addition, higher nation-wide nuclear reactor utilization is further crimping fuel oil demand and crude for direct burning.

In South Korea, cold January weather also boosted heating fuel usage, but most other product demand fell from the prior year, also reflecting weaker economic activity.

Overall, however, we see little cause to revise our outlook, and as such we are looking for South Korea oil demand to decline by 1.6%, or around 30-35 MB/D this year.

Non-OECD

There are somewhat mixed signals out of China these days, but the net effect is clear weakness in economic growth since the Olympics. It is difficult to ascertain whether such moderation has led to an actual decline in oil *consumption*, due to the implied basis of measuring demand combined with faulty data.

Recent numbers based on refinery runs suggest a decline in demand in January of some 5%, but we believe the estimates will eventually be revised upward based on anecdotal evidence of gasoline consumption.

Nevertheless, high levels of mid barrel stocks would imply a material slowdown in diesel demand, while we estimate that heavy fuel oil consumption continues to fall.

Overall, we have revised down somewhat our 2009 demand expectations for China, although remaining more optimistic than the IEA in this regard. We are looking for China oil demand to increase by 2.2%, or around 150 MB/D this year.

Elsewhere, despite lower oil prices we have not trimmed our expectations for OPEC oil demand in general, and for the Arabian Gulf countries in particular. We would look for OPEC oil demand to increase by about 6.0% this year.

In Latin America, January data suggest a rise in Brazil demand exceeding our estimate for the year as a whole, but we are not inclined to revise our outlook based on one month's worth of data in this environment. We anticipate Brazil oil demand to increase by 1.9% in 2009.

Finally, based on recent data and an overall reassessment we have revised up expect FSU oil demand to a gain of 1.7%, or about 60 MB/D. In sum, we forecast non-OECD oil demand to rise by 2.0%, or about 800 MB/D this year.

Global Oil Supply

Non-OPEC

Highly preliminary estimates for January 2009 non-OPEC production growth suggest a gain versus last year averaging in excess of 800 MB/D.

However, this rate of increase is unlikely to continue, based on our assessment of countries such as Russia, where we expect a net decline in production this year averaging around 100-150 MB/D.

In addition, our outlook for North Sea production implies a continued decline in 2009, in line with our long-standing secular thesis related to U.K. and Norwegian output.

Elsewhere, although Brazil output should witness among the largest gains in non-OPEC supply this year, we believe for 2009 as a whole the increase should average less than 100 MB/D.

For the United States, a one-year recovery in production results from an assumed lack of hurricane induced downtime in the second half of the year, although history has shown the odds have generally proven us to be overly optimistic in this regard.

Gains in 2009 also accrue from rising output from Thunder Horse and other new fields, such that U.S. crude oil production is expected to increase by a net 165 MB/D this year.

Partially offsetting these increases in addition to Russia and the North Sea is Mexico, which will continue to feel the influence of the Cantarell field decline for the foreseeable future. We believe total Mexico production will fall by a further 100 MB/D this year, and our assessment could easily end up as optimistic.

In total, we anticipate that non-OPEC production will increase by only 455 MB/D this year, a reduction from our already conservative previous assumption by some 90 MB/D.

OPEC and Inventory

OPEC is due to meet on Sunday March 15. In advance of the meeting various ministers have suggested that all options are on the table, which would obviously include another official production cut, or maintaining the status quo.

If an official reduction is agreed to, we suspect it would be on the order of 1.0 MMB/D, since anything less would be assumed, correctly in our view, to be lost in the statistical "noise".

As we issue this report, the market appears to be split on whether there will be an official cut or not. We have long assumed no further official reduction, since we believe Saudi Arabia has been leaning toward an emphasis on stronger compliance with the current accord.

Under Saudi oil minister Ali Naimi's view of the world, with which we would agree, stricter compliance should over time reduce global stocks by the 2-3 days supply that Naimi estimated a few months ago.

Our customary table laid out below suggests that for the month of March production for the OPEC "11" will still be over the official ceiling by some 915 MB/D, with crude oil production averaging almost 25.8 MMB/D.

OPEC "11"
Targeted Allocations
v.
Estimated March Production
(MB/D)

	Estimated Allocations	Production	Prod. Vs. Allocations
Algeria	1,202	1,250	+48
Angola	1,517	1,755	+238
Ecuador	434	475	+41
Iran	3,336	3,605	+269
Kuwait	2,223	2,225	+2
Libya	1,469	1,575	+106
Nigeria	1,673	1,995	+322
Qatar	731	720	-11
S. Arabia	8,052	7,900	-152
UAE	2,223	2,225	+2
Venezuela	1,985	2,035	+50
Total	24,845	25,760	+915

Our global balances assume that second quarter *deliveries to refineries*, as opposed to wellhead production, will average a bit higher, around 26.1 MMB/D, which assume Iraq averages about 2.3 MMB/D.

Under our demand and non-OPEC supply assumptions for the second quarter, if actual OPEC deliveries come in at or close to our assumptions, our balances imply a net global stock draw for the period, virtually unprecedented.

Normally stocks build in the second quarter with a global distillate increase more than offsetting stable crude oil inventories and declining gasoline stocks. Under our outlook, while distillate stocks would in fact increase and gasoline supplies remain stable, such behavior would be more than offset by a decline in global crude oil inventories.

For the second quarter, therefore, we anticipate a net draw in stocks averaging around 580 MB/D. If we are even remotely close to the mark it would have a significant positive impact on crude oil prices.

In the third quarter, if our thesis pans out and prices in fact recover, to be discussed in more detail in the last section of this report, we would have to assume that we will witness some relaxation in OPEC production levels to generate incremental revenue.

We assume third quarter OPEC "11" crude oil deliveries will average almost 1.3 MMB/D higher than our second quarter average, and yet our balances imply little net change in global stocks.

For the fourth quarter we forecast OPEC "11" deliveries will increase by a further 200 MB/D. For 2009 as a whole world oil inventories are estimated to experience a net decline averaging around 430 MB/D. The implication is that at year end, usable commercial, or discretionary days supply will stand about 2 days below the end of 2008.

Implications for Price

In the days leading up to the publication of this report, the NYMEX crude oil market has been quite volatile. Friday March 6 began the four-day roll period for the U.S. Oil Fund, and in previous reports we had discussed how traders had tended to sell the prompt month and buy the outer months in advance of the actions of this index, in hopes of making some money when USO came in and actually rolled.

On March 6 and March 9 such strategies were frustrated when the intended weakening did not occur, aided in part by bullish news including a declaration of force major on Forcados exports by Shell.

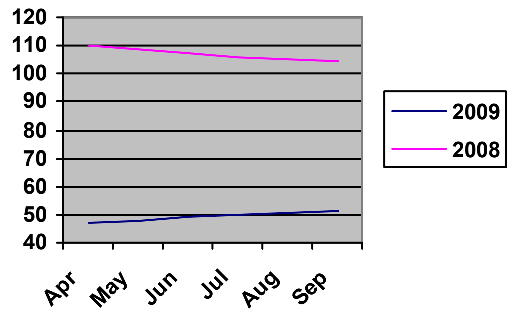
Ultimately, however, the market *did* experience the impact of the roll on March 10 and to a greater degree on March 11, with the neopress attributing the price decline to a bearish EIA forecast and word that China's crude oil import level declined in February.

While we are issuing this report ahead of the OPEC meeting, we do not believe the outcome will have a material impact on our balances one way or another, although obviously psychology plays a role over the short term.

Stepping back from the volatility of the meeting and retaining our focus on the second quarter and beyond, as previously discussed our balances imply a net global stock draw in the second quarter.

If we are too optimistic on demand and stocks are unchanged in the April-June period, it would still have s positive impact on crude oil prices from current levels. Demand is the more uncertain variable than non-OPEC supply.

Current Six-Month NYMEX Crude Oil Term Structure 2009 vs. 2008



Given that we have made little change in our forecast balances and March thus far is experiencing prompt WTI at levels approaching our assumptions made back in January, we are not inclined to revise our Base Case at this time.

We have argued that if our fundamental balances unfold as expected, financial entities will increase their exposure to crude oil on the long side to an even greater degree. If stocks decline as forecast, the curve will flatten, inducing more destocking and reducing the adverse "roll impact" of USO and others.

As we have previously discussed, the dollar/euro rate may or may not end up having a major impact on crude oil prices. We are assuming the rate will remain in a range, and that the inverse statistical relationship will not be as "tight" as it has been over the last year or so.

We have tried to quantify all these impacts utilizing our developed pricing models which incorporate both our fundamental and financial assumptions. As our table indicates below, for the second quarter we estimate that prompt WTI will average about $55.00 per barrel.

This forecast is obviously well above consensus expectations at this time. However, we believe there is sufficient leverage in the system to reach this average for the next three months.

Even loftier values are targeted for the third quarter, assuming the financial inflows into the commodity have a multiplier effect, data confirm our stock draw for the second quarter, and the market is faced with a mass of upward revisions in demand and price by the IEA and the consensus.

Following our third quarter peak, however, prices are expected to begin to decline once again, impacted by the market realization that sufficient excess capacity exists within OPEC to handle incremental demand.

In addition, we expect world oil demand growth, even if we are correct in our outlook for a second half recovery, to be relatively restrained due to permanent fuel switching and our expected improvement in global fleet fuel efficiency.

On balance, we are looking for prompt WTI to average somewhat under $56.00 per barrel this year, largely unchanged from our previous assessment.

Forecast Prompt NYMEX Crude Oil Prices By Quarter: Base Case

	2008	**2009(E)**
Q1	**$97.90**	**$42.00**
Q2	**$123.76**	**$55.07**
Q3	**$116.19**	**$67.86**
Q4	**$60.74**	**$56.28**
Yr.	**$99.65**	**$55.30**

March 13, 2009

Table 1

OECD Oil Demand
(Thousands of Barrels Daily)

BASE CASE 3/12/09						% Chng						% Chng
	Q1	Q2	Q3	Q4E	2008E	08/07	Q1E	Q2E	Q3E	Q4E	2009E	09/08
DEMAND												
United States	19876	19683	18825	19282	19416	-6.2	19294	19178	18776	19327	19144	-1.4
Motor Gasoline	8908	9135	8877	8917	8959	-3.5	8728	8974	8916	8778	8849	-1.2
Jet Fuel	1539	1582	1540	1412	1518	-6.4	1462	1503	1509	1384	1464	-3.5
Distillate	4200	3924	3690	3942	3939	-6.7	4028	3815	3745	4249	3959	0.5
Residual	598	678	576	624	619	-15.7	538	610	547	618	578	-6.6
Other	4631	4364	4142	4386	4381	-9.4	4538	4277	4059	4298	4293	-2.0
Canada	2203	2099	2121	2100	2131	-0.6	2179	2093	2132	2119	2131	0.0
Naphtha	74	72	69	78	73	1.0	74	73	70	79	74	1.0
LPG	217	280	225	139	215	1.3	215	290	227	140	218	1.3
Gasoline	739	755	810	767	768	-0.5	724	757	818	779	769	0.2
Kerosene	81	79	91	81	83	1.0	81	79	91	81	83	-0.1
Gasoil/Diesel	675	473	491	586	556	-1.6	675	463	496	592	556	0.1
Fuel Oil	141	94	83	154	118	-1.5	138	92	81	151	115	-2.0
Other	278	346	352	295	318	-0.6	272	339	349	298	314	-1.0
Mexico	1972	2032	2050	2015	2017	-0.1	1952	2033	2061	2035	2020	0.1
United Kingdom	1504	1403	1387	1538	1458	-1.3	1479	1397	1385	1538	1450	-0.6
Naphtha	85	75	61	88	77	0.4	86	75	62	89	78	1.0
LPG	134	134	114	130	128	0.7	135	135	115	132	129	1.0
Gasoline	431	383	388	407	402	-3.4	416	371	380	399	392	-2.6
Kerosine	248	202	220	215	221	0.5	248	202	219	215	221	-0.1
Gasoil/Diesel	368	474	460	543	461	-1.2	361	479	465	548	463	0.4
Fuel Oil	143	44	39	52	69	-1.6	139	43	39	52	68	-1.7
Other	95	92	105	103	99	-0.7	94	91	105	103	98	-0.4
France	1772	1597	1762	1600	1683	-0.2	1773	1568	1745	1599	1671	-0.7
Naphtha	168	145	224	247	196	0.0	169	146	225	248	197	0.5
LPG	163	94	76	129	115	-0.2	163	94	76	129	116	0.1
Gasoline	204	270	230	173	219	-4.5	195	260	224	168	212	-3.3
Kerosene	96	112	122	88	104	0.8	95	111	121	87	103	-1.0
Gasoil/Diesel	983	767	907	788	861	0.9	993	751	898	792	859	-0.3
Fuel Oil	90	93	60	77	80	-1.5	89	90	58	75	78	-2.4
Other	68	116	143	99	107	-0.1	68	116	143	99	107	0.2
Italy	1561	1477	1479	1429	1486	-3.9	1482	1415	1442	1406	1436	-3.4
Naphtha	68	78	47	36	58	0.5	69	79	48	37	58	1.0
LPG	149	99	105	143	124	0.4	150	100	106	145	125	1.0
Gasoline	339	310	322	292	316	-4.0	322	300	316	286	306	-3.1
Kerosene	67	73	77	64	70	0.8	67	73	76	64	70	-0.1
Gasoil/Diesel	602	473	575	537	547	-1.4	572	468	569	542	538	-1.6
Fuel Oil	194	341	226	217	245	-14.3	159	290	199	191	210	-14.2
Other	141	103	126	140	128	0.4	143	104	127	142	129	1.0
Germany	2334	2287	2318	2534	2368	0.1	2328	2252	2289	2501	2342	-1.1
Naphtha	257	225	218	249	237	-0.1	257	225	218	249	237	0.2
LPG	135	135	117	112	125	-0.4	135	135	117	112	125	0.1
Gasoline	531	582	516	566	549	-2.7	515	564	506	554	535	-2.5
Kerosene	99	140	145	122	126	1.0	98	140	145	122	126	-0.1
Gasoil/Diesel	1130	944	1011	1223	1077	2.0	1141	925	991	1198	1064	-1.2
Fuel Oil	66	77	113	94	87	-3.8	62	75	112	94	86	-1.5
Other	117	186	198	169	167	0.5	118	188	200	171	169	1.0
Austria	224	214	237	289	241	-1.2	220	211	235	286	238	-1.2
Belgium	427	418	390	459	423	-2.3	416	408	382	450	414	-2.2
Denmark	215	190	198	209	203	0.2	213	188	200	213	203	0.3
Finland	222	219	217	214	218	0.6	220	222	219	218	220	0.6
Greece	301	260	281	344	296	-1.5	295	255	279	340	292	-1.5
Iceland	12	16	26	25	20	2.0	12	16	26	25	20	2.0
Ireland	125	115	125	134	124	1.0	126	116	126	135	126	1.0
Luxembourg	52	48	47	46	48	2.0	53	48	48	47	49	2.0
Netherlands	421	398	401	399	405	-2.4	411	388	391	389	395	-2.5
Norway	192	188	194	205	195	1.1	195	190	196	207	197	1.1
Portugal	195	283	266	289	258	1.0	196	285	269	292	261	1.0
Spain	897	785	963	919	891	-2.3	870	762	934	900	867	-2.7
Sweden	381	332	309	319	335	-0.2	380	332	308	318	335	-0.2
Switzerland	275	271	282	355	296	-0.6	269	268	277	361	294	-0.6
Turkey	564	472	621	554	553	-1.2	553	462	620	549	546	-1.2
OECD Europe	11672	10972	11502	11861	11502	-1.1	11489	10782	11371	11774	11354	-1.3
Japan	5653	4428	4218	4786	4771	-0.8	5479	4330	4181	4773	4691	-1.7
Naphtha	673	579	577	763	648	0.4	666	587	586	774	653	0.9
LPG	918	624	572	688	701	1.1	909	633	578	695	704	0.5
Gasoline	965	950	860	914	922	-3.0	936	922	843	905	901	-2.3
Kerosene	1036	455	365	633	622	1.2	1025	450	361	627	616	-1.0
Gasoil/Diesel	1169	1069	901	1154	1074	-4.1	1111	1037	883	1156	1047	-2.5
Fuel Oil	416	400	532	237	396	6.0	374	360	527	225	371	-6.2
Other	194	174	206	225	200	-0.3	190	172	207	227	199	-0.3
Direct Crude	282	178	203	170	209	-0.7	268	169	195	163	199	-4.6
South Korea	2094	1954	1808	1854	1928	-2.5	2031	1896	1790	1873	1897	-1.6
Australia	878	837	839	881	859	0.6	878	845	851	889	866	0.9
New Zealand	106	108	105	112	108	0.1	106	108	106	112	108	0.5
Total OECD	44453	42111	41468	42891	42731	-3.4	43409	41265	41267	42904	42211	-1.2

Table 2

World Oil Demand
(Thousands of Barrels Daily)

BASE CASE 3/12/09	Q1	Q2	Q3	Q4E	2008E	% Chng 08/07	Q1E	Q2E	Q3E	Q4E	2009E	% Chng 09/08
DEMAND												
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Canada	2203	2099	2121	2100	2131	-0.6	2179	2093	2132	2119	2131	0.0
Mexico	1972	2032	2050	2015	2017	-0.1	1952	2033	2061	2035	2020	0.1
United Kingdom	1504	1403	1387	1538	1458	-1.3	1479	1397	1385	1538	1450	-0.6
France	1772	1597	1762	1600	1683	-0.2	1773	1568	1745	1599	1671	-0.7
Italy	1561	1477	1479	1429	1486	-3.9	1482	1415	1442	1406	1436	-3.4
Germany	2334	2287	2318	2534	2368	0.1	2328	2252	2289	2501	2342	-1.1
Austria	224	214	237	289	241	-1.2	220	211	235	286	238	-1.2
Belgium	427	418	390	459	423	-2.3	416	408	382	450	414	-2.2
Denmark	215	190	198	209	203	0.2	213	188	200	213	203	0.3
Finland	222	219	217	214	218	0.6	220	222	219	218	220	0.6
Greece	301	260	281	344	296	-1.5	295	255	279	340	292	-1.5
Iceland	12	16	26	25	20	2.0	12	16	26	25	20	2.0
Ireland	125	115	125	134	124	1.0	126	116	126	135	126	1.0
Luxembourg	52	48	47	46	48	2.0	53	48	48	47	49	2.0
Netherlands	421	398	401	399	405	-2.4	411	388	391	389	395	-2.5
Norway	192	188	194	205	195	1.1	195	190	196	207	197	1.1
Portugal	195	283	266	289	258	1.0	196	285	269	292	261	1.0
Spain	897	785	963	919	891	-2.3	870	762	934	900	867	-2.7
Sweden	381	332	309	319	335	-0.2	380	332	308	318	335	-0.2
Switzerland	275	271	282	355	296	-0.6	269	268	277	361	294	-0.6
Turkey	564	472	621	554	553	-1.2	553	462	620	549	546	-1.2
OECD Europe	11672	10972	11502	11861	11502	-1.1	11489	10782	11371	11774	11354	-1.3
Japan	5653	4428	4218	4786	4771	-0.8	5479	4330	4181	4773	4691	-1.7
South Korea	2094	1954	1808	1854	1928	-2.5	2031	1896	1790	1873	1897	-1.6
Australia	878	837	839	881	859	0.6	878	845	851	889	866	0.9
New Zealand	106	108	105	112	108	0.1	106	108	106	112	108	0.5
Total OECD	44453	42111	41468	42891	42731	-3.4	43409	41265	41267	42904	42211	-1.2
Non-OECD	38652	39935	40309	38660	39389	2.7	39196	40648	41271	39645	40190	2.0
FSU	4237	3190	3187	4014	3657	1.1	4301	3238	3244	4094	3719	1.7
Non-OECD Europe	2519	2373	2408	2531	2458	-0.5	2503	2358	2394	2531	2446	-0.5
China	5614	8113	7900	5321	6737	5.0	5558	8275	8177	5534	6886	2.2
OPEC	7845	7247	7721	7743	7639	5.9	8330	7682	8183	8199	8099	6.0
Argentina	484	528	509	546	517	0.3	484	530	511	548	518	0.3
Brazil	1919	2159	2253	2258	2147	1.5	1948	2203	2298	2303	2188	1.9
Other L. A.	1514	1603	1771	1834	1681	1.3	1530	1619	1807	1852	1702	1.3
Egypt	569	583	583	589	581	2.4	581	598	598	604	595	2.4
South Africa	460	496	509	521	496	2.1	469	508	519	531	507	2.1
Other Africa	1075	1118	1180	1188	1140	1.7	1095	1136	1203	1207	1160	1.7
Non-OPEC M. E.	653	634	648	651	647	2.3	672	646	661	664	661	2.3
India	2285	2312	2195	2281	2268	4.6	2354	2381	2249	2361	2336	3.0
Other Asia	4086	4169	4064	3840	4040	0.5	4102	4185	4080	3856	4056	0.4
Int. Bunkers	2062	2074	2069	2055	2065	0.1	2023	2035	2045	2048	2038	-1.3
Refinery F/L	3329	3336	3312	3288	3316	0.8	3247	3253	3302	3313	3279	-1.1
Grand Total Demand	83105	82046	81777	81550	82120	-0.6	82605	81913	82538	82549	82401	0.3

Note: Demand by country is shown on an "inland" basis, i.e., excluding bunkers and refinery fuel/loss.

Table 3

World Oil Supply
(Thousands of Barrels Daily)

BASE CASE 3/12/09						% Chng						% Chng
	Q1	Q2	Q3	Q4E	2008E	08/07	Q1E	Q2E	Q3E	Q4E	2009E	09/08
Grand Total Demand	83105	82046	81777	81550	82120	-0.6	82605	81913	82538	82549	82401	0.3
Inventory Change	114	1349	1018	646	782		-1435	-580	8	276	-433	
SUPPLY	83219	83395	82795	82196	82901	0.8	81170	81333	82546	82826	81969	-1.1
United States	5115	5146	4655	4902	4954	-2.9	5033	5125	5165	5150	5118	3.3
United Kingdom	1508	1424	1395	1420	1437	-6.4	1495	1339	1409	1377	1405	-2.2
Norway	2215	2125	2125	2230	2174	-4.3	2235	2083	2083	2185	2146	-1.3
Denmark	380	380	380	380	380	-0.7	380	380	380	380	380	0.0
Netherlands	52	51	51	53	52	-1.0	52	51	51	53	52	0.0
Other OECD Europe	460	460	460	460	460	0.0	460	460	460	460	460	0.0
Non-OECD Europe	305	305	305	305	305	0.0	305	305	305	305	305	0.0
Mexico	2945	2775	2765	2730	2804	-9.3	2710	2710	2705	2695	2705	-3.5
Canada	2605	2615	2695	2672	2647	0.5	2655	2610	2710	2710	2671	0.9
Argentina	655	625	635	640	639	-3.2	640	640	635	635	638	-0.2
Brazil	1905	1885	1880	1845	1879	3.7	1900	1925	1940	1975	1935	3.0
Colombia	515	525	545	550	534	6.7	545	545	540	540	543	1.6
Peru	105	105	105	105	105	0.0	105	105	105	105	105	0.0
Trinidad & Tobago	130	130	135	130	131	0.0	130	130	135	130	131	0.0
Other L. A.	75	80	80	80	79	0.0	75	80	80	80	79	0.0
Bahrain	37	37	38	38	38	0.0	37	37	38	38	38	0.0
Oman	695	685	675	645	675	-4.8	645	640	640	640	641	-5.0
Syria	345	345	345	340	344	-11.0	335	335	335	335	335	-2.5
Other Middle East	365	365	365	365	365	25.9	365	365	365	365	365	0.0
Congo	195	195	195	195	195	0.0	195	195	195	195	195	0.0
Egypt	625	645	635	635	635	2.0	645	640	640	640	641	1.0
Gabon	265	265	265	265	265	0.0	265	265	265	265	265	0.0
Tunisia	130	130	125	125	128	0.0	130	130	125	125	128	0.0
Other Africa	365	375	380	380	375	0.0	365	375	380	380	375	0.0
Australia	525	560	595	655	584	15.6	660	655	655	660	658	12.6
India	685	690	690	700	691	1.3	710	710	700	700	705	2.0
Indonesia	875	850	835	810	843	-1.7	800	800	800	800	800	-5.0
Malaysia	670	670	670	680	673	-3.9	685	680	680	680	681	1.3
Brunei	135	135	130	130	133	0.0	135	135	130	130	133	0.0
Other Asia/Pacific	610	610	615	615	613	1.9	610	610	615	615	613	0.0
FSU	11775	11985	11636	11565	11740	1.9	11987	12201	11869	11796	11963	1.9
China	3745	3805	3795	3815	3790	1.5	3810	3810	3805	3805	3808	0.5
NGL	4879	4876	4928	4983	4916	1.3	4942	4941	4995	5050	4982	1.3
Ref. Gain/Other	1870	1846	1840	1835	1848	-0.6	1859	1843	1857	1857	1854	0.3
Non-Conventional	1189	1194	1200	1215	1199	2.5	1219	1224	1230	1245	1229	2.5
Total Non-OPEC	48949	48894	48168	48492	48626	-0.2	49119	49078	49021	49103	49080	0.9
OPEC SUPPLY	34270	34501	34627	33704	34275	2.3	32051	32255	33525	33723	32889	-4.0
OPEC NGL	1895	1910	1915	1915	1909	7.8	1925	1930	1930	1935	1930	1.1
OPEC CONDENSATE	1875	1885	1880	1880	1880	7.5	1885	1885	1890	1900	1890	0.5
OPEC CRUDE SALES	30500	30706	30832	29909	30487	1.7	28241	28440	29705	29888	29069	-4.7
Saudi Arabia	8950	9100	9100	8800	8988	2.8	8050	7900	8300	8400	8163	-9.2
Iran	3690	3651	3647	3584	3643	-2.3	3581	3645	3595	3658	3620	-0.6
Iraq	2295	2295	2265	2275	2283	9.6	2275	2275	2275	2275	2275	-0.3
Kuwait	2425	2525	2550	2310	2453	-0.4	2150	2200	2450	2450	2313	-5.7
Qatar	835	835	840	840	838	2.8	720	720	840	840	780	-6.9
UAE	2550	2650	2650	2405	2564	2.4	2200	2250	2400	2400	2313	-9.8
Algeria	1410	1410	1410	1395	1406	4.4	1295	1300	1400	1410	1351	-3.9
Angola	1895	1900	1875	1910	1895	13.6	1800	1800	1910	1910	1855	-2.1
Nigeria	1905	1805	1995	2005	1928	-8.3	1995	2000	2000	2000	1999	3.7
Libya	1745	1745	1725	1710	1731	0.7	1600	1600	1745	1745	1673	-3.4
Ecuador	485	475	480	480	480	6.1	475	475	480	490	480	0.0
Venezuela	2315	2315	2295	2195	2280	-2.8	2100	2275	2310	2310	2249	-1.4
Inventory Change	114	1349	1018	646	782		-1435	-580	8	276	-433	
Assumed Inventory Position(c)												
Days Supply of MOV	50	51	51	50	50		50	49	50	49	49	
Days Supply of UC	14	16	17	18	18		17	16	16	16	16	
Days Supply of MOV+	64	66	67	68	68		66	65	65	65	65	
Days Supply of S/C	14	14	14	14	14		14	14	14	14	14	

a) OPEC supply measured on a delivered sales basis, i.e. accounting for tanker transit and storage time lag, plus net producer stock change.
b) Includes share of Neutral Zone, shared equally.
c) MOV: Minimum Operating Volume; UC: Usable Commercial; S/C: Strategic/Compulsory.