

Platts Report: Annual February China Oil Demand Rose 1.9%

Chinese Lunar New Year Slowed Industrial, Manufacturing Fuel Demand

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SINGAPORE

SINGAPORE, March 25, 2013 /PRNewswire/ -- China's apparent oil demand* in February rose 1.9% compared with the same month last year to an average 10.19 million barrels per day (b/d), a just-released [Platts](#) analysis of Chinese government data showed. This followed a year-over-year rise of 6.7% in January to 10.49 million b/d.

On a month-over-month basis, China's apparent oil demand in February was down 2.9%, following a 0.9% drop in January from December 2012. However, month-to-month demand in China is generally viewed as subject to short-term anomalies that are of interest but fail to necessarily reveal the country's underlying demand trends. Year-to-year comparisons are seen as more indicative of the country's energy profile.

Compared to February a year ago, net oil product imports last month plunged 33.7% to 1.18 million metric tons (mt), according to final data from the General Administration of Customs released March 22. However, refinery runs for the same period posted a 3.6% year-over-year rise to an average 9.89 million b/d, the National Bureau of Statistics data of March 14 showed.

China's week-long Lunar New Year holiday in February slowed economic growth and stunted industrial and manufacturing demand for fuel as factories closed for the festive period.

"On a monthly basis, Chinese oil demand waned in January and February after increases throughout the fourth quarter of last year," said Song Yen Ling, Senior Writer for China. "But it's important to note that refinery run rates had been considerably high in November and December as refiners worked to stockpile oil products to ensure sufficient oil supply for the Lunar New Year holiday."

For the first two months of 2013 combined, apparent oil demand in China rose 4.3% versus this same period a year ago to an average 10.35 million b/d. This marked a slowdown from the fourth quarter of 2012, when apparent demand expanded by an average 7.8% year-over-year to 10.28 million b/d. December apparent demand had risen 7.7% versus the prior year to a record high of 10.58 million b/d. November apparent demand had expanded 9.2% to 10.49 million b/d.

In China's individual oil products markets, sluggish activity in the industrial and manufacturing sectors slowed gasoil apparent demand in February to 3.58 million b/d, down 4.9% from the same period in 2012.

Meanwhile production of gasoil by China's refineries fell 2.7% in February on a year-over-year basis to 13.55 million mt, and Chinese gasoil imports totaled 50,000 mt last month. This left net exports of gasoil at 200,000 mt for the month, versus net imports of 110,000 mt the same month a year earlier.

"It's expected that gasoil demand will likely pick up in the next few months," said Song. "While exports more than tripled in February to 250,000 mt, this is likely due to new refinery capacity coming online in China."

However, apparent demand for gasoline in February rose 12.2% on a year-over-year basis to 2.28 million b/d, boosted by higher demand from the transport sector during the holiday period. Also compared to a year ago, domestic gasoline output in February was up 13.1% to 7.85 million mt. Exports totaled 330,000 mt, compared to zero in February 2012. China does not typically import gasoline.

Jet fuel/kerosene demand in February surged 17.4% versus February 2012 to 400,600 b/d on robust aviation traffic. There was a 12.6% increase in domestic output to 1.87 million mt. But net exports rose 10.3% versus February a year ago to 430,000 mt. Total domestic cargo and passenger traffic on an annual basis rose 12.6% in February, according to data from the Civil Aviation Administration of China released March 22.

MONTHLY TRADE DATA IN MILLION METRIC TONS:

	Feb '13 -----	Feb '12 -----	% Chg -----	Jan '13 -----	Dec '12 -----	Nov '12 -----	Oct '12 -----
Net crude imports -----	20.69 -----	23.21 -----	-10.9 -----	24.87 -----	23.59 -----	23.25 -----	23.33 -----
Crude production -----	16.01 -----	15.88 -----	0.8 ---	17.60 -----	17.94 -----	17.39 -----	17.91 -----

Apparent demand -----	38.94 -----	39.58 -1.6^ -----	44.37 -----	44.76 -----	42.96 -----	41.28 -----
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^Accounting for the extra day in February 2012, apparent oil demand growth was up 1.9% in February on a barrel-per-day basis.

*Platts calculates China's apparent or implied oil demand on the basis of crude throughput volumes at the domestic refineries and net oil product imports, as reported by the National Bureau of Statistics and Chinese customs. Platts also takes into account undeclared revisions in NBS historical data.

The government releases data on imports, exports, domestic crude production and refinery throughput data, but does not give official data on the country's actual oil consumption figure and oil stockpiles. Official statistics on oil storage are released intermittently.

Platts releases its monthly calculation of China's apparent demand between the 18th and 26th of every month via press release and via its website. Any use of this information must be appropriately attributed to Platts.

For more information on crude oil, visit the Platts website at www.platts.com. For Chinese-language information on oil and the energy and metals markets, visit <http://www.platts.cn/>.

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