

# Platts Report: China's Oil Demand Edges Up in May

Sources Attribute Low Demand to China's Weak Economic Growth

PR Newswire  
SINGAPORE

SINGAPORE, June 21, 2012 /[PRNewswire](#)/ -- China's apparent oil demand\* rose just 0.5% year on year in May to 39.72 million metric tons (mt), or an average 9.39 million barrels per day (b/d), a just-released Platts analysis of recent Chinese government data showed.

Apparent oil demand in May was the second lowest so far this year after April, when demand rose 0.3% from a year ago to 38.32 million mt, or 9.36 million b/d.

"We're still seeing low refining rates due to maintenance, although those were offset by a big jump in net product imports," said Song Yen Ling, Platts senior writer for China. "Crude oil imports surged as well, but that was more likely due to state oil companies building up strategic reserves."

Refinery processing rates for May contracted 0.7% year on year to 38.33 million mt, or 9.06 million b/d, according to data from China's National Bureau of Statistics (NBS) released June 9. May's daily processing volume was the second lowest this year after a processing rate of 9.03 million b/d in April.

Meanwhile, the month's net oil product imports rose nearly 50% year on year to 1.39 million mt (320,148 b/d), although that was down from 323,680 b/d in April and 428,400 b/d in March.

Crude oil imports surged more than 18% on year to a record 25.48 million mt in May, breaching the 6-million-b/d mark at 6.02 million b/d, according to the country's customs data. Analysts have attributed the strong imports to stock-building efforts for both the strategic petroleum reserve and commercial storage.

China's apparent oil demand in the first five months of the year rose 2.6% compared to the same period in 2011, to 200.42 million mt or 9.66 million b/d.

Refinery runs rose 2.2% on year during the January-May period to 192.94 million mt or 9.3 million b/d, according to NBS data. Net oil product imports for the period rose over 14% on year to 7.48 million mt or 351,363 b/d.

Analysts said the relatively low demand growth seen over the last couple of months reflects China's overall weak economic growth.

China's manufacturing activity hit a seven-month low in June, according to HSBC on Thursday. The bank's preliminary purchasing managers index - a gauge of industrial and manufacturing activity - fell to 48.1 in June from 48.4 in May. A reading below 50 indicates a contraction.

But recent liquidity easing measures by the government could allay fears of an economic slowdown in China. These include a 25 basis point interest rate cut by the People's Bank of China, approvals for new infrastructure projects and easing of bank reserve requirements.

"It remains to be seen if this will be enough to get both oil demand growth and retail pricing reform back on track," said senior writer Song.

Analysts said in early June that China's oil demand growth will likely ramp up in the second-half of the year

relative to the first-half on the government's stimulus measures and if oil prices continue easing.

#### MONTHLY TRADE DATA IN MILLION METRIC TONS:

	May '12	May '11	%Chg	Apr '12	Mar '12	Feb '12	Jan '12
Net crude imports	25.30	21.50	17.67	22.21	23.34	23.21	23.10
Crude production	17.43	17.43	0.00	16.89	17.27	16.33	17.36
Apparent demand	39.72	39.54	0.46	38.32	20.23	38.64	40.77

\*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](http://www.platts.com). For Chinese-language information on oil and the energy and metals markets, visit <http://www.platts.cn/>.

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