Platts Report: China Oil Demand Edged Up 0.9% in October versus a Year Ago

Apparent Demand Also Improved Month-on-Month, Driven by Higher Refining Activity

SINGAPORE, Nov. 26, 2013 /PRNewswire/ -- China's apparent oil demand* in October edged up 0.9% to an average 9.83 million barrels per day (b/d) or 41.59 million metric tons (mt) versus year-ago data, according to a Platts analysis of Chinese government data.

The October average marked a reversal of the 2.3% year-over-year contraction in apparent demand seen in September, when it averaged 9.66 million b/d.

The slight gain in apparent oil demand was due to higher refining activity, with crude processing by refineries, as reported by the National Bureau of Statistics on November 9, up 3.1% versus a year ago to an average 9.71 million b/d and up 2.9% from September 2013.

Oil product imports in October were 2.92 million mt, down 8.8% from a year ago. Oil product exports were to 2.41 million mt, up 31.7% from October 2012. This resulted in net oil product imports of 510,000 mt, a 62.8% decrease from a year ago, according to General Administration of Customs data released November 8.

"Since August, China's oil product import levels have been relatively low compared with earlier in the year and it appears that refiners have been running down their existing inventories," said Song Yen Ling, Platts senior writer for China. "Already, domestic commercial inventories of gasoline, gasoil and jet/kerosene are estimated to be at their lowest levels since December last year."

China's apparent demand for gasoline totaled 8 million mt in October, marking a year-over-year increase of 8.3%. Domestic output rose 9.3% last month to 8.32 million mt, more than compensating for increased exports, which surged 45.5% year over year to 320,000 mt. Traditionally, China has not been an importer of gasoline.

Apparent demand for gasoil -- which accounts for the largest proportion of all oil products consumed by China -- declined 0.8% year over year in October to 14.35 million mt. This followed a 0.9% decline in September. China's demand for gasoil -- used in the heavy transport and industrial sectors -- has ebbed with China's economic slowdown.

Gasoil output in October held steady to year-ago levels near 14.59 million mt. Gasoil exports year over year jumped 78.6% last month to a six-month high of 250,000 mt, driven in part by new fourth-quarter export quotes for state refiners. The month's imports of gasoil were minimal at 5,000 mt, down 87.5% from October 2012.

Fuel oil apparent demand slipped 6.4% to 3.02 million mt in October versus a year ago. Amid a 9.3% year-on-year gain in domestic output to 2.17 million mt last month, the weaker demand meant dampened import interests. Net imports fell 31.5% on the year to 850,000 mt in October, with imports down 19.1% to 1.69 million mt and exports 1.2% lower year over year to 840,000 mt.

Demand for imported fuel oil from independent, so-called "teapot" refiners along China's eastern coast fell in October as more procured-crude oil was used in their units. These refiners have the capability to crack both straight-run fuel oil and crude oil, depending on availability of feedstock.

For the first ten months of 2013 China's apparent oil demand averaged 9.8 million b/d, a 3.6% increase from a year ago and greater than the 1.8% increase in apparent oil demand for the same period in 2012 versus 2011.

MONTHLY TRADE DATA:

	Oct '13	Oct '12	% Change	Sep '13	Oct '13	Jul '13	Jun '13
Net crude imports (million mt)	20.30	23.33	-13.0	25.61	21.22	25.94	22.14
Crude production (million mt)	18.07	18.03	+0.2	16.88	17.30	17.17	17.44
Apparent demand (million mt)	41.59	41.21	+0.9	39.55	39.82	41.52	40.89

Apparent demand ('000 b/d)	9,834	9,774	+0.9	9,663	9,416	9,817	9,991

Sources: China's General Administration of Customs, National Bureau of Statistics, Platts

Month-to-month demand in China is generally viewed as subject to short-term anomalies which are of interest and important to note, but which often fail to reveal the country's underlying demand trends. Year-to-year comparisons are viewed by the marketplace to be more indicative of the country's energy profile.

*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.

Platts uses a conversion rate of 7.33 barrels of crude per metric ton, the widely-accepted benchmark for markets East of Suez.

For more information on crude oil, visit the Platts website at www.platts.com. For additional information on China, listen to this podcast, where Song Yen Ling examines what is behind the spike in China's demand for liquefied natural gas (LNG): http://www.platts.com/podcasts-detail/spotlight/2013/november/china-lng or plts.co/184gEAm

For Chinese-language information on oil and the energy and metals markets, visithttp://www.platts.cn/.

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