

Platts Report: China Oil Demand Dipped 1% in February from Year Ago

Total Year-to-Date Demand Increased 2.6% from 2014

SINGAPORE, March 30, 2015 [/PRNewswire/](#) -- China's apparent oil demand* in February contracted 1% year over year to 40.7 million metric tons (mt), or an average 10.66 million barrels per day (b/d), according to a just-released [Platts](#) analysis of Chinese government data.

Despite the contraction, this was the second-highest monthly volume on record. Following government revisions to year-ago data, China's apparent oil demand in February 2014 was adjusted to an average 10.76 million b/d - the record high volume.

Apparent oil demand in February this year increased 4.3% from January's average of 10.22 million b/d.

China's refinery throughput in February averaged 10.39 million b/d, falling 2.5% from a year earlier but expanded 2.4% month over month, data from the country's National Bureau of Statistics showed March 13.

Figures from the General Administration of Customs released March 8 showed oil products imports for February jumped 11.2% to 2.68 million mt, while oil product exports slumped 16.8% to 1.68 million mt, reflecting some inventory build by state-owned refiners. This resulted in net oil product imports of 1 million mt in February.

Over January to February, China's total apparent oil demand rose 2.6% to average 10.43 million b/d. This is the highest rate of growth over the two-month period since the 5.7% recorded in 2012, this is in contrast to the 0.6% contraction seen over the same period last year.

"While there appears to be some recovery, apparent demand is often strong during the first two months of the year," said Platts senior writer for China, Song Yen Ling. "This could partly be attributed to significant stockbuild in oil products by refiners."

Gasoil

Apparent demand for gasoil - the most widely consumed oil product in China - slumped 5.6% year over year in February to 13.28 million mt, a reflection of subdued industrial demand during the Lunar New Year that was on February 19 this year. Up to 70% of the fuel is used in the transport sector while the remainder is used by various sectors, including construction, farming and fishing, industrial heating and to power machinery.

Apparent demand for gasoil rose 2.3% over the first two months of this year to 28.12 million mt, the first time there was positive growth over the same period since 2012. However, actual consumption was likely lower than this level as significant stocks - close to 3 million mt - were likely added to storage over the two months, according to Platts' estimates. Chinese refiners typically start building inventories in preparation for Lunar New Year holidays.

Gasoline

Meanwhile, apparent demand for gasoline in February edged up 1.9% year over year to 8.76 million mt. Higher travel during the festive season also saw a growth of 8.2% from January to February to 18.13 million mt. In addition, Chinese passenger vehicle sales rose 8.7% to 3.43 million units in the first two months of the year, according to the China Association of Automobile Manufacturers.

Fuel Oil

Fuel oil witnessed a further decline in demand following consumption tax increases in the fourth quarter of last year, which has made the fuel more expensive for the country's independent teapot refiners to buy. The refiners use fuel oil as an alternative feedstock in the absence of crude import rights.

Apparent demand for fuel oil in February slumped 17.6% year over year to 2.59 million mt, with year-to-date volumes falling 21.5% to 5.13 million mt. Net imports of the fuel over January-February were at their lowest since 2010, at 1.38 million mt.

MONTHLY TRADE DATA IN MILLION METRIC TONS

Feb '15	Feb '14	% Chg	Jan '15	Dec '14	Nov '14	Oct'14
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Net crude imports (million mt)	25.39	22.88	+11.0	27.81	30.13	25.41	24.09
Crude production (million mt)	16.18	16.16	+0.1	17.97	18.32	17.63	17.94
Apparent demand (million mt)	40.70	41.11	-1.0	43.22	44.96	42.18	42.65
Apparent demand ('000 b/d)	10,655	10,762	-1.0	10,219	10,631	10,306	10,085

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

Month-to-month demand in China is generally viewed to be subjected to short-term anomalies which are of interest and important to note, but 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 NBS 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 Chinese-language information on oil and the energy and metals markets, visit <http://www.platts.cn/>.

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