

# Platts Report: China Oil Demand Grows 4% Year over Year in June

Growth slows from previous three months as gas oil, jet fuel demand contracted

PR Newswire  
SINGAPORE

SINGAPORE, Aug. 5, 2015 /PRNewswire/ -- China's apparent oil demand\* rose 4.1% in June from a year earlier to 11.25 million barrels per day (b/d), according to a just-released [Platts](#) analysis of Chinese government data. This is in contrast with year-over-year increase of around 10% seen in the previous three months.

The latest analysis is based on a new methodology introduced from July in response to significant shifts in Chinese consumption and trade patterns in recent years.

Growth in demand for gasoline and LPG slowed in the month, while gasoil and jet fuel/kerosene demand saw a contraction.

"China's oil demand growth slowed to 4.1% in June," said Platts Associate Editorial Director for Asia oil news, Mriganka Jaipuriyar. "Gasoline and jet fuel, which have been seen as the key drivers of oil demand growth in China, witnessed a slowdown in the month."

China's refinery throughput in June averaged 10.59 million b/d, rising 1.9% from a year earlier, data from the country's National Bureau of Statistics (NBS) showed July 15.

Meanwhile, China's net imports of oil products soared 58.4% year over year to 659,000 b/d in June, driven by strong inflows of fuel oil and naphtha, according to data released July 23 by the General Administration of Customs (GAC).

During the first six months of this year, China's total apparent oil demand averaged 11.12 million b/d, an increase of 7.3% from the same period of 2014.

## *Gasoil*

Gasoil is the most widely consumed oil product in China and demand has been hit in the last three years because of declining economic growth.

Apparent demand in June contracted by 0.3% year over year to 3.63 million b/d, but this compares with a relatively high base in June 2014.

"Gasoil demand could in reality be lower than Platts estimates given that data from Xinhua's China Petroleum Stockpile Statistics showed that commercial gasoil stocks rose by nearly 28% at the end of June from last year," said Jaipuriyar.

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 4.2% over January to June to 3.62 million b/d.

## *LPG*

Demand for LPG rose 8.2% year over year to 1.19 million b/d. This was the first time in 10 months that LPG demand in China registered a single digit growth after growing at rates of between 15% and 36% for the past 10 months.

So far this year, apparent demand for LPG has gained 18.9% year over year to 1.18 million b/d.

## *Gasoline*

Apparent demand for gasoline climbed 6.5% year over year to 2.74 million b/d with January-June demand rising 9.4% to 2.67 million b/d.

According to Xinhua's China Petroleum Stockpile Statistics, gasoline stocks rose 2.5% month-over-month at the end of June, suggesting actual demand was slightly lower than Platts estimates.

Passenger car sales registered year-on-year declines for the first time in more than two years in June, falling by 3.4% to 1.51 million units, according to data from China Association of Automobile Manufacturers

### *Fuel Oil*

Apparent demand for fuel oil in June soared 24.7% year over year to 1.08 million b/d, and demand over January-June rose 9.5% year over year to 947,000 b/d.

Net imports of fuel oil rose 69% year over year to 658,000 b/d, led by a jump in imports of petroleum bitumen blend.

Data from the General Administration of Customs showed that bitumen blend imports nearly tripled in June compared with a year ago, while other fuel oil imports also rose 30% year over year to hit a six-month high.

### *MONTHLY TRADE DATA IN '000 B/D*

|                   | Jun'15 | Jun '14 | % Chg | May '15 | Apr'15 | Mar '15 | Feb '15 |
|-------------------|--------|---------|-------|---------|--------|---------|---------|
| Net crude imports | 7,195  | 5,688   | 26.5  | 5,465   | 7,292  | 6,162   | 6,647   |
| Crude production  | 4,426  | 4,289   | 3.2   | 4,297   | 4,276  | 4,278   | 4,235   |
| Apparent demand   | 11,250 | 10,808  | 4.1   | 11,102  | 11,367 | 11,199  | 11,205  |

Sources: GAC, NBS, 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.

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/>.

### *\*Notes on analysis methodology*

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.

In view of some significant shifts in Chinese consumption and trade patterns in recent years, Platts has revised its methodology starting July 2015 to include production and net imports of LPG, as well as imports of petroleum bitumen blend, a popular imported feedstock for China's teapot refineries. Platts has also refined its calculation of exports of jet fuel and fuel oil to exclude international marine bunker sales and aviation fuel delivered to international flights. This also impacts net imports, and hence apparent demand calculations.

All historical figures used for comparison have also been calculated using the new methodology to ensure consistency.

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