Platts China Oil Analytics: China Apparent Oil Demand in December Rose 2.3%

Full-Year Apparent Demand Increased 1.3% to 11.35 million b/d

SINGAPORE, Feb. 13, 2017 /PRNewswire/ -- China's apparent* oil demand in December 2016 rose 2.3% year over year to 11.69 million barrels per day (b/d), according to an analysis of Chinese government data by S&P Global Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets.

S&P Global
Platts

Refinery throughput in December last year averaged 11.31 million b/d, data from China's National Bureau of Statistics (NBS) showed January 20. This was up 3.6% year over year to a new record high, as refinery maintenance tapered off and production picked up in preparation for higher demand in the first quarter of 2017. **Platts China Oil Analytics**, an S&P Global Platts on-line analysis platform for supply/demand and trade data, has adjusted runs for December upwards to 11.63 million b/d based on data on independent refinery run rates.

China's imports of key oil products – fuel oil, gasoil, jet fuel, gasoline, naphtha and liquid petroleum gas (LPG) -- averaged 1.0 million b/d in December, data from China's General Administration of Customs showed. Exports rose to 972,000 b/d from November's 851,000 b/d. This means net imports during December averaged 62,000 b/d, slumping 88% from the same month in 2015.

When using official government data for calculations, China's apparent oil demand in 2016 averaged 11.11 million b/d in 2016, declining 0.8%. However Platts China Oil Analytics believes refinery processing volumes last year averaged 11.08 million b/d – versus 10.83 million b/d reported by the NBS. Last year's increase followed significantly higher runs by independent refiners, which received beginning late 2015 the right to import crude oil. These refiners, mainly in eastern Shandong, raised utilization rates to an average 54% last year, up from approximately 40% in 2015. Thus, this group likely saw overall runs increase by more than 500,000 b/d in 2016.

With the adjustment in refinery runs, apparent oil demand for the year therefore trended higher than if calculated using government data, at 11.35 million b/d.

"This represented a 1.3% increase in 2016,"**said Song Yen Ling, senior analyst with Platts China Oil Analytics.**

"That said, the pace of growth fell in 2016 from 6.6% in 2015, when oil demand had been boosted by a crude oil price drop to levels just over $50/b."

Platts China Oil Analytics, adjusting for higher production in gasoline and gasoil than was reported by China's government, estimates that gasoline apparent demand in December averaged 2.87 million b/d. This marks a 6.9% increase from a year ago, while gasoil apparent demand fell 2.4% over the same period to an average 3.51 million b/d. Gasoil demand took a hit on lower winter temperatures that hampered industrial activity, as well as transport disruptions due to both colder conditions in north China and severe smog in parts of the country, the latter of which prompted some local governments to institute curbs on

transport activity.

Fuel oil apparent demand in December continued to decline on a year-over-year basis, dropping 22.4% to 783,000 b/d on dampened buying from independent refiners.

Platts China Oil Analytics estimates that 2016 gasoline apparent demand expanded by 7.8% and gasoil apparent demand declined by 0.6%, further reflections of the Chinese economy's move toward more consumption-focused growth.

In the first quarter of 2017, demand remained muted until after theLunar New Year holidays. Gasoil sales picked up in early February in preparation for the spring planting season, while gasoline demand remained steady supported by increased travel during the holiday season. Refineries are expected to reduce their runs slightly as a number of maintenance programs have already been scheduled, particularly from March going into the second quarter.

MONTHLY CHINA OIL DATA IN '000 B/D

	Dec '16	Dec '15	% Chg	Nov '16	Oct '16	Sep '16	Aug '16
Net crude imports	8,522	7,787	9.4	7,858	6,739	7,973	7,715
Crude production	3,966	4,260	-6.9	3,931	3,794	3,904	3,889
Apparent demand	11,691	11,424	2.3	11,898	11,249	11,157	10,851

Sources: China's General Administration of Customs, National Bureau of Statistics, S&P Global 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.

*S&P Global 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. S&P Global 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.

In view of some significant shifts in Chinese consumption and trade patterns in recent years, S&P Global Platts has revised its methodology starting July 2015 to include production and net imports of liquefied petroleum gas (LPG), as well as imports of petroleum bitumen blend, a popular imported feedstock for China's teapot refineries.

S&P Global 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.

S&P Global Platts aims to release its monthly calculation ofChina'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 S&P Global Platts. Note: S&P Global 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 S&P Global Platts website atwww.platts.com. For Chinese-language information on oil and the energy and metals markets, visit http://www.platts.cn/.

Contact
Americas: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@spglobal.com

About S&P Global Platts
At S&P Global Platts, we provide the insights; you make better informed trading and business decisions with confidence. We're the leading independent provider of information and benchmark prices for the commodities and energy markets. Customers in over 150 countries look to our expertise in news, pricing and analytics to deliver greater transparency and efficiency to markets. S&P Global Platts coverage includes oil and gas, power, petrochemicals, metals, agriculture and shipping.

S&P Global Platts is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.platts.com.

SOURCE S&P Global Platts

For further information: Americas: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@spglobal.com; EMEA: Arnaud Humblot, +44 207 176 6685, arnaud.humblot@spglobal.com and Alex Brog +44 207 176 7645, alex.brog@spglobal.com; Singapore: Platts (platts@ryancommunication.com

---

https://press.spglobal.com/2017-02-13-Platts-China-Oil-Analytics-China-Apparent-Oil-Demand-in-December-Rose-2-3