

China's Oil Demand Rises by 2.6% in November

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Platts - China's apparent oil demand in November rose 2.6% year on year to 39.08 million metric tons (mt) or 9.54 million barrels per day (b/d) – the second-highest daily rate recorded this year, according to a just-released Platts analysis of statistics released by the government.

November's oil demand at 9.54 million b/d, which was just slightly less than February's 9.58-million-b/d level, was boosted by record-high refinery throughput as the Chinese oil companies ran their plants at full capacity to replenish depleting diesel stocks.

Oil demand in November was also the third-strongest according to Platts records on Chinese oil statistics, which date back to 2005. This November's oil consumption is less than December 2010's 9.62-million-b/d figure and this February's 9.58-million-b/d level.

“Local media have reported in recent weeks that widespread diesel shortages have once again affected the country, with long queues for limited supplies of diesel seen at retail stations in several provinces, prompting Beijing to call on the national oil companies to raise output,” said Calvin Lee, Platts senior writer, China.

In November, Chinese refiners processed 37.87 million mt of crude, or an average 9.25 million b/d. This was 3.3% higher year on year, showed data from the country's National Bureau of Statistics.

Daily refinery throughput reached an all-time high last month as the country's two national oil companies – PetroChina and Sinopec – operated at full capacity after regular maintenance to replenish fast-depleting inventory, especially diesel.

Chinese companies produced 14.13 million mt of diesel in November, which was 5.2% more than October. Diesel output in November increased for the second straight month, after it dipped in August and September.

The production increase, coupled by an easing in consumption of refined products following the end of seasonal peak demand, resulted in a build-up in refined product stocks for the first time in six months, according to a report by the official Xinhua news agency.

Inventories of gasoline, diesel, and jet fuel climbed 3.6% month on month by end-November, rising for the first time since May, Xinhua said.

In November, China imported 4.8% less refined oil products at 3.35 million mt, compared with a year ago, while oil product exports increased 2.9% to 2.14 million mt.

“The drop in imports is largely attributed to China reducing its reliance on imported

diesel. Analysts say that there is a general shift by Chinese companies from importing diesel to importing crude oil to refine it into diesel themselves. Because retail prices are regulated by the government, refiners incur lower losses if they import crude to produce diesel compared with selling the higher priced imported diesel domestically," Lee said.

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