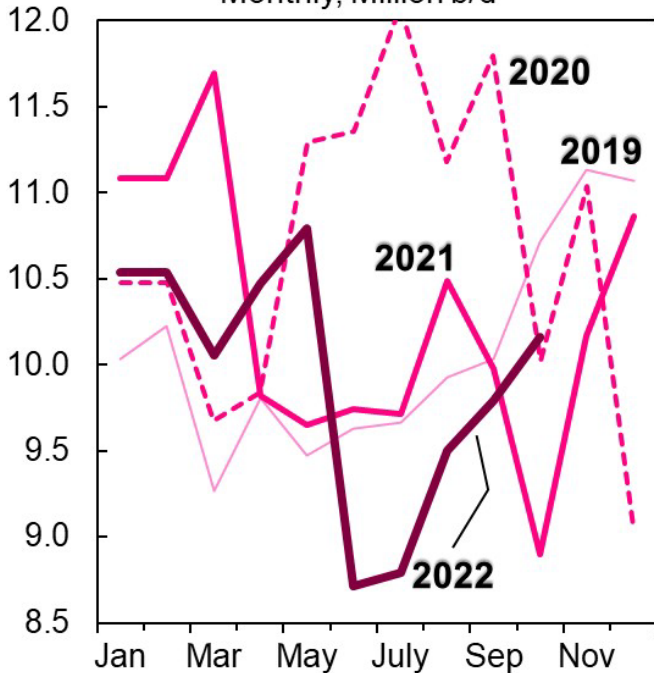# NOT QUITE THE ELECTION DAY SURPRISE YOU EXPECTED

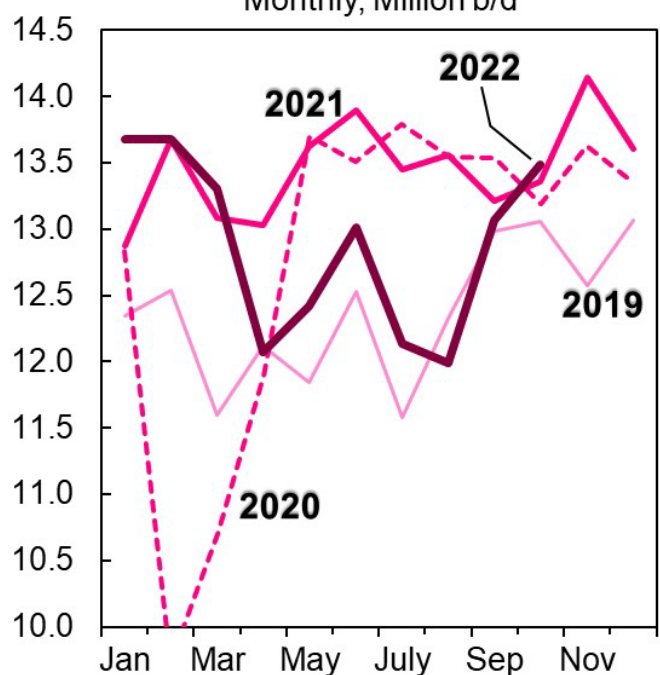**China's Crude Imports**
Monthly, Million b/d

We estimate China's October oil demand rose month-over-month coming in above the respective year-ago figure for the first time since March. We reckon crude runs rose by about 100,000 b/d from September's rate based on our analysis detailed on the next page -- it shows correlated changes between imports and throughput rates. We'll see the refinery runs data in about a week, and a separate analysis shows highly correlated changes between our estimates for monthly demand and revised/final figures for China's oil use (also detailed on the next page). While our preliminary October demand figure showing a year/year gain is notable, it's not really the point. What is the point is that China's oil demand is modeled in our oil balance to *contract* year/year in the current quarter. Keep in mind that global demand has run higher than forecast in the face of China's manufacturing recession. The oil balance having tightened despite that has engendered a question about how tight supply/demand becomes when China's consumption fully recovers.
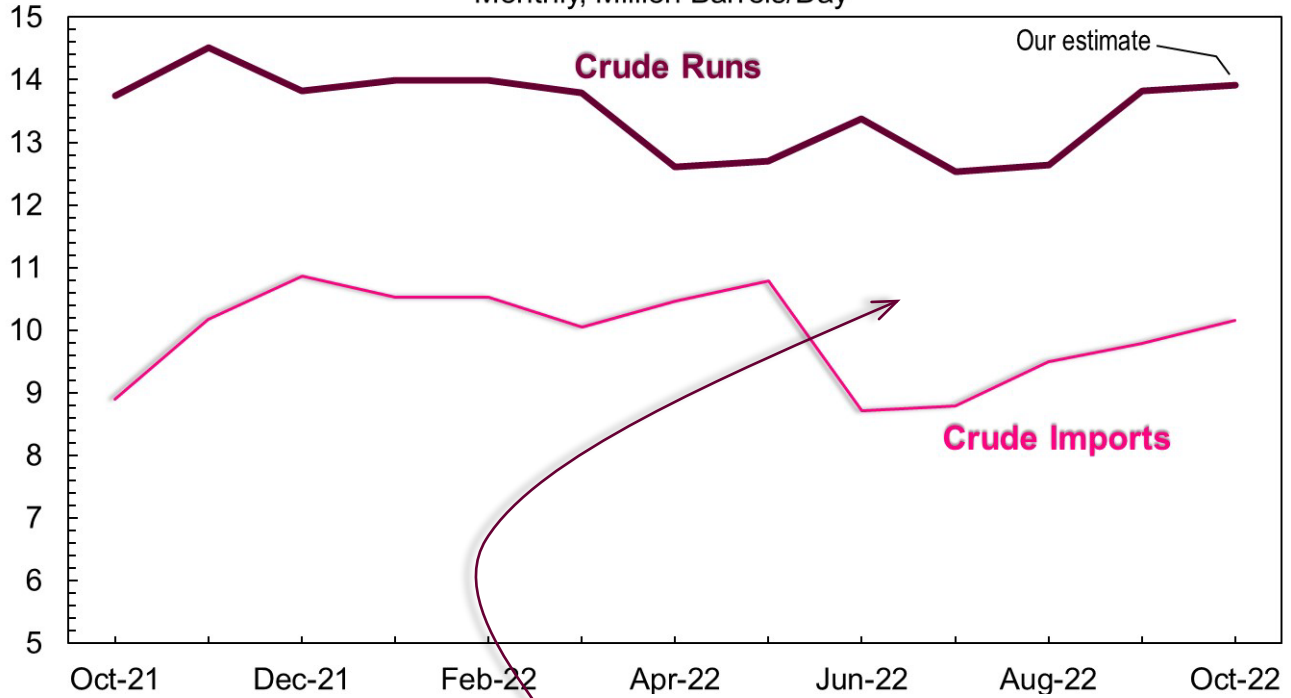

China's Refinery Runs
Monthly, Million b/d
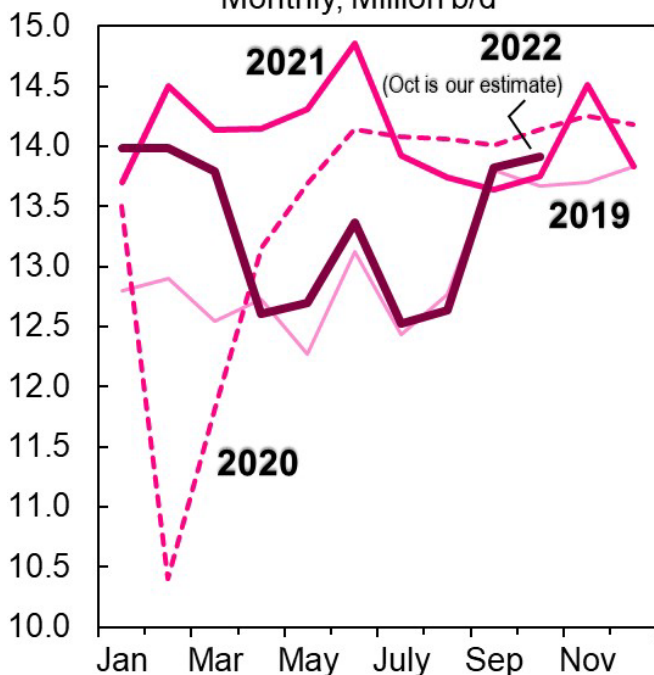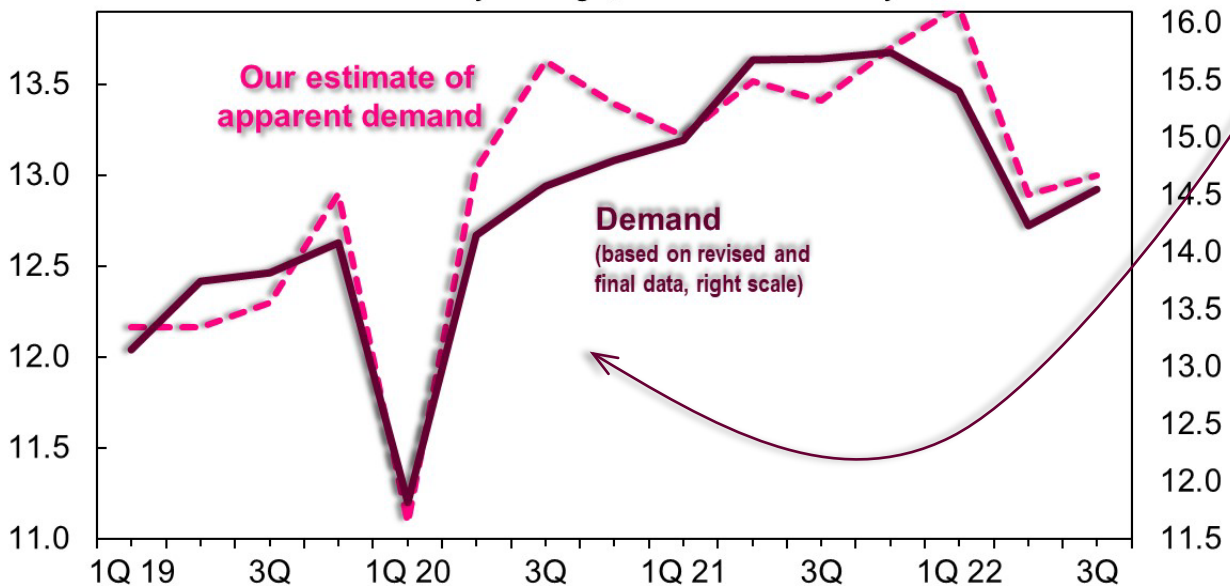

China's Oil Demand
Monthly, Million b/d

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China: Crude Runs vs Crude Imports
Monthly, Million Barrels/Day

Our estimate

Crude Runs

Crude Imports

Data for China's refinery activity is released separately and at a later time in the month, but we've found that changes in crude imports (which rose notably) are correlated to changes in refinery run rates – a metric we use in our monthly demand calculations.
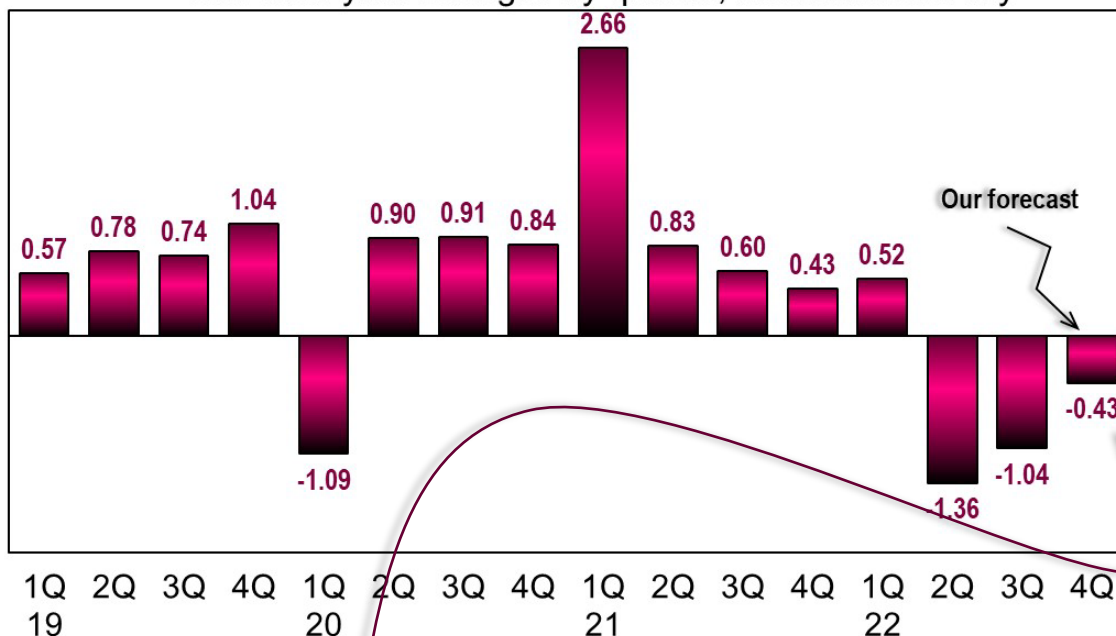
A quarterly average of our monthly estimates for China's demand are highly correlated to changes in the revised and final data for China's consumption. The rebound we saw in our monthly estimates for September and October suggest a stronger picture than what we allowed for in our oil balance model.

China's Oil Demand versus Apparent Demand
Quarterly change, Million barrels/day

Our estimate of apparent demand

Demand
(based on revised and final data, right scale)

CA

China Oil Demand
Year-over-year changes by quarter, Million barrels/day

Bar values (1Q 19 – 4Q 22):
0.57, 0.78, 0.74, 1.04, -1.09, 0.90, 0.91, 0.84, 2.66, 0.83, 0.60, 0.43, 0.52, -1.36, -1.04, -0.43

Our forecast

China's oil demand in October came in about half-a-million barrels/day higher than what we have allowed for in our global oil balance. The gain last month came atop a larger than expected bounce in September's demand.

The rebound in global oil demand post the covid-related contraction has outpaced expectations and this with much weaker than expected demand in China during 2Q and 3Q of this year. The global demand strength means the "missing barrel" issue is still an issue. Our preliminary work suggests that global demand last month ran well above the consensus projection…again.

Global Oil Demand
Year-over-year changes by quarter, Million barrels/day

Bar values (1Q 19 – 4Q 22):
1.04, 0.11, -0.31, 0.22, -0.60, -10.64, -8.78, -8.49, -5.54, 5.99, 6.33, 5.56, 5.71, 4.36, 3.14, 2.11

Our forecast