

Asian Equity Research www.bearstearns.com

ASIA-PACIFIC OIL DEMAND MONITOR

Monday, February 18, 2008

Research Analysts

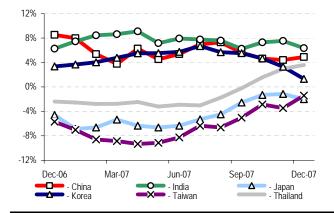
Adam Clarke, Martin Foot, Hino Lam, Bear Stearns Asia Ltd.

Sector Ratings:

Asia-Pacific E&P: Market Weight
Asia-Pacific Integrated Oil & Gas: Market Weight
Asia-Pacific Thermal Coal: Market Overweight

- **Demand Destruction Strengthens.** Asia-Pacific oil demand weakened further in December 2007 as high oil prices stifled demand. As always, Asia-Pacific data are clouded by China's unreliable reporting and the continuation of subsidized prices in China and India. Nevertheless, by our estimates, Korean, Taiwanese, and Japanese oil demand weakened, while Indian and Chinese demand growth stalled. An acceleration in demand growth for gasoline and diesel in China and India has been offset by a slowdown in demand growth for non-price-controlled products such as fuel oil and naphtha. With the exception of diesel, growth trends for most oil products, including gasoline, LPG, naphtha and fuel oil, showed significant signs of weakness. Crude oil price gains have outpaced local currency appreciation over the U.S. dollar, hurting demand, whereas fuel switching where practical (i.e., naphtha to natural gas) has also had an impact, particularly in India. With oil trading at US\$95/bbl (WTI), we expect January and February data to show further signs of weakness.
- China's Storms Short-Term Impact. Snow and ice storms knocked out a substantial portion of China's power supply in late January/early February, forcing homes and businesses to switch to diesel power generation where available. As China recovers and ramps up coal supplies, we expect power supplies to return to normal perhaps by mid-March. We expect a pickup in diesel consumption during this period but not to the extent witnessed in 2004, when China's power supply problems were the result of insufficient generation capacity.
- <u>U.S. Recession and Asia-Pacific Oil Demand Worst Case Inconclusive and Best Case Not Correlated.</u> The threat of a recession in the United States impacting Asia-Pacific oil demand is of increasing concern. The threat of lower exports to the U.S. obviously leads one to believe that Asia-Pacific economic activity would suffer. However, if Asia-Pacific economies focus on domestic infrastructure and consumer spending, the region could offset the impact of a U.S. recession. The problem is, there is little documented evidence of the impact of a U.S. recession on Asia-Pacific oil demand. Indeed, during the 1990-91 U.S. recession Japanese oil consumption continued to grow despite 31% of exports going to the U.S. (21% of China's exports were to the U.S. in 2006). In our opinion, for a material decline or a stagnation in Asia-Pacific oil demand to occur there needs to be an Asia-Pacific recession like that of 1997, and/or China or India liberalizes product prices.

Figure 1. Six-month Moving (6 MM) Average YoY Change in Oil Demand (LHS) & U.S. and Japanese Oil Demand (indexed) vs U.S. Recessions





Note: CIJKTT = China, India, Japan, Korea, Taiwan and Thailand. Source: Bear Stearns Asia Ltd., Bloomberg, China OGP, EPPO, KMOS, PPAC, IEEJ.

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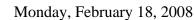
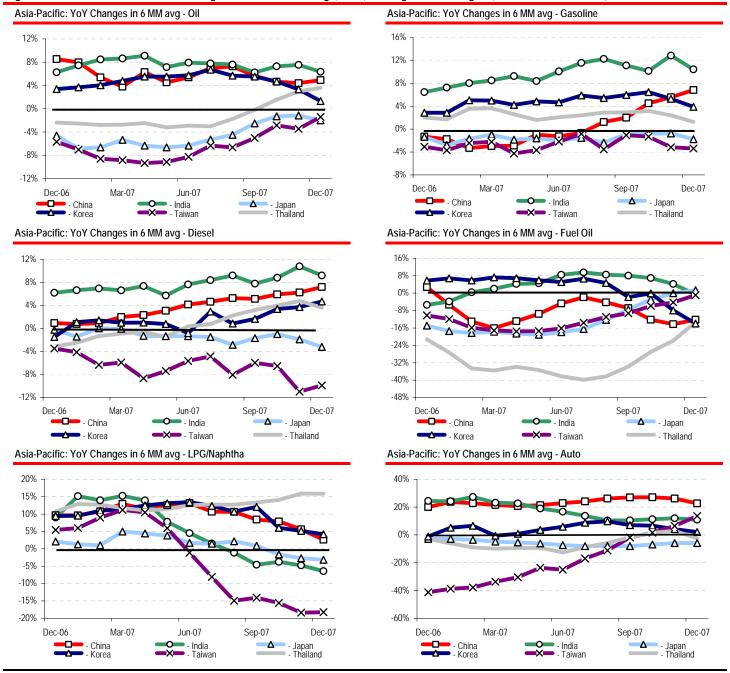




Figure 2. Asia-Pacific Oil Demand Changes: Six-month Moving (6 MM) Average YoY Changes (Dec 2006 to Dec 2007)



Source: Bear Stearns Asia Ltd., Bloomberg, China OGP, EPPO, KMOS, PPAC, IEEJ.

Note: Chinese product data is not fully reliable as 10%-15% of refining capacity output is not reported in official statistics. This helps to explain some of the sharp differences between overall implied oil consumption vs. implied oil product consumption data.

BEAR STEARNS ASIA LTD.



• **Asia-Pacific Oil Demand.** Provisional December oil demand data have been released, but we will wait until next month to make final 2007 adjustments to our Asia-Pacific oil demand model as government-restated adjustments can be material.

Figure 3. Asia-Pacific: Oil Demand Forecast @ US\$77/bbl (2008) and US\$80/bbl Long Term, and Adjustments for Alternative Fuel Supplies

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- Regional Supply 5,018 5,923 6,675 7,327 7,994 7,920 7,920 7,983 8,238 8,694 8,970 9,134 7,557 Regional Deficit 5,470 4,590 6,927 10,332 12,473 15,528 15,945 15,981 16,650 17,512 18,517 29,316 - Change -881 2,337 3,404 2,141 3,055 512 417 36 670 861 1,006 8,723 - W Change -16.1% 50.9% 49.1% 20.7% 20.3% 3.4% 2.7% 0.2% 4.2% 5.2% 5.7% 42.4% Oil Balance For Alternative Supply 1980 1985 1990 1995 2000 2005 ac 2005 2006 2007E 2008E 200E 201E 201E 201E ac - Crude Oil Demand 10,488 10,513 13,602 17,659 20,467 23,448 23,391 23,816 24,063 25,028 25,973 26,691	Oil Balance	1980	1985	1990	1995	2000	2005 ac	2005	2006	2007E	2008E	2009E	2010E	2015E ac
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- Change	- Regional Supply	5,018	5,923	6,675	7,327	7,994	7,920	7,920	7,983	8,238	8,694	8,970	9,134	7,557
- % Change -16.1% 50.9% 49.1% 20.7% 20.3% 3.4% 2.7% 0.2% 4.2% 5.2% 5.7% 42.4% Oil Balance For Alternative Supply 1980 1985 1990 1995 2000 2005 ac 2005 2006 2007E 2008E 2009E 2010E 2015E ac - Crude Oil Demand 10.488 10.513 13.602 17.659 20.467 23.448 23.391 23.816 24.063 25.028 25.973 26.691 34.474 - Crude Oil Supply 5.018 5.923 6.675 7.327 7.994 7.920 7.920 7.983 8.238 8.694 8.970 9.134 7.557	Regional Deficit	5,470	4,590	6,927	10,332	12,473	15,528	15,528	15,945	15,981	16,650	17,512	18,517	29,316
Oil Balance For Alternative Supply 1980 1985 1990 1995 2000 2005 ac 2005 2006 2007E 2008E 2009E 2010E 2015E ac - Crude Oil Demand 10,488 10,513 13,602 17,659 20,467 23,448 23,391 23,816 24,063 25,028 25,973 26,691 34,474 - Crude Oil Supply 5,018 5,923 6,675 7,327 7,994 7,920 7,920 7,983 8,238 8,694 8,970 9,134 7,557	- Change		-881	2,337	3,404	2,141	3,055	512	417	36	670	861	1,006	8,723
- Crude Oil Demand 10,488 10,513 13,602 17,659 20,467 23,448 23,391 23,816 24,063 25,028 25,973 26,691 34,474 - Crude Oil Supply 5,018 5,923 6,675 7,327 7,994 7,920 7,920 7,983 8,238 8,694 8,970 9,134 7,557	- % Change		-16.1%	50.9%	49.1%	20.7%	20.3%	3.4%	2.7%	0.2%	4.2%	5.2%	5.7%	42.4%
- Crude Oil Demand 10,488 10,513 13,602 17,659 20,467 23,448 23,391 23,816 24,063 25,028 25,973 26,691 34,474 - Crude Oil Supply 5,018 5,923 6,675 7,327 7,994 7,920 7,920 7,983 8,238 8,694 8,970 9,134 7,557	Oil Balance For Alternative Supply	1980	1985	1990	1995	2000	2005 ac	2005	2006	2007F	2008F	2009F	2010F	2015F ac
- Crude Oil Supply 5,018 5,923 6,675 7,327 7,994 7,920 7,983 8,238 8,694 8,970 9,134 7,557	,													
	- Deficit	5,470	4,590	6,927	10,332	12,473	15,528	15,471	15,833	15,825	16,334	17,002	17,556	26,917

Source: Bear Stearns Asia Ltd. estimates, BP, Energy Information Agency.



Figure 4. Asia-Pacific: Implied Oil Demand

							Y ₀ Y (hange	YnY %	Change					
	Units	Oct-07	Nov-07	Dec-07	O-D 07	YTD	O-D 07	YTD	O-D 07	YTD	2003	2004	2005	2006	2007
Oil	mt	70.1	71.0	73.4	215	851	5.1	20.2	2.4%	2.4%	645	784	804	831	851
Gasoline	mt	10.5	10.1	10.7	31	121	0.7	1.6	2.3%	1.4%	102	116	118	119	121
Diesel	mt	18.7	19.0	20.6	58	220	3.8	9.3	6.9%	4.4%	141	196	208	211	220
Fuel Oil	mt	8.6	8.1	8.7	25	107	-0.8	-9.0	-3.1%	-7.8%	116	127	122	116	107
Naphtha/LPG	mt	11.0	11.5	11.9	34	138	-1.0	5.9	-2.7%	4.5%	103	118	125	132	138
Net Product Imports	mt	-0.7	-0.3	4.3	3	4	0.7	-11.5	26.0%	-73.6%	42	38	21	16	4
- Auto Sales	k	1,482	1,613	1,571	4,665	18,343	357	1,467	8.3%	8.7%	13,816	14,651	15,556	16,877	18,34
China: Oil and Oil Pro	duct Dema	nd													
							YoY C	hange	YoY %	Change					
	Units	Oct-07	Nov-07	Dec-07	O-D 07	YTD	O-D 07	YTD	O-D 07	YTD	2003	2004	2005	2006	2007
- Oil	kt	29,215	29,704	29,425	88,343	367,969	4,141	18,041	4.9%	5.2%	270,311	320,887	320,166	349,928	367,96
- Gasoline	kt	4,267	4,128	4,416	12,811	47,270	999	1,309	8.5%	2.8%	37,514	44,118	44,778	45,961	47,27
- Diesel	kt	9,597	9,785	11,050	30,432	113,730	2,716	6,135	9.8%	5.7%	79,962	99,685	105,480	107,595	113,7
- Fuel Oil	kt	2,259	2,117	2,141	6,517	33,451	(554)	(3,073)	-7.8%	-8.4%	36,841	42,288	37,502	36,524	33,45
Naphtha	kt	2,675	2,683	2,794	8,152	34,590	(198)	2,507	-2.4%	7.8%	23,335	24,719	27,815	32,083	34,59
Net Product Imports	kt	1,064	819	1,410	3,293	18,266	(663)	(5,750)	-16.8%	-23.9%	14,364	26,416	16,996	24,016	18,26
Auto Sales	k	705	809	847	2,361	8,885	357	1,651	17.8%	22.8%	4,668	5,221	5,970	7,234	8,88
ndia: Oil and Oil Prod	uct Demar	nd													
		_			_		YoY C	hange	YoY %	Change	_				
	Units	Oct-07	Nov-07	Dec-07	O-D 07	YTD	O-D 07	YTD	O-D 07	YTD	2003	2004	2005	2006	2007
Oil Product	kt	10,690	10,600	10,950	32,240	123,387	2,283	8,229	7.6%	7.1%	105,099	111,135	110,606	115,158	123,3
Gasoline	kt	810	860	880	2,550	10,047	243	963	10.5%	10.6%	7,658	8,235	8,570	9,084	10,04
Diesel	kt	3,964	4,173	4,380	12,517	46,532	1,270	3,602	11.3%	8.4%	38,760	41,328	40,714	42,930	46,53
- Fuel Oil	kt	1,021	970	979	2,970	12,622	-134	473	-4.3%	3.9%	12,805	13,307	13,182	12,149	12,62
- Naphtha	kt	1,170	1,130	1,005	3,305	13,242	-235	-131	-6.6%	-1.0%	11,932	13,492	12,698	13,373	13,24
Net Product Imports	kt	-2,053	-961	-1,065	-4,078	-21,808	-318	-6,320	8%	41%	-3,061	-6,619	-8,696	-15,488	-21,80
Auto Sales	k	182	171	158	511	1,990	54	241	11.9%	13.8%	1,080	1,345	1,440	1,750	1,99
lapan: Oil and Oil Pro	duct Dema	ınd													
							YoY C	hange	YoY %	Change					
	Units	Oct-07	Nov-07	Dec-07	O-D 07	YTD	O-D 07	YTD	O-D 07	YTD	2003	2004	2005	2006	2007
Oil Product	mn l	18,764	19,370	21,311	59,445	224,501	-1,817	-9,842	-3.0%	-4.2%	249,038	242,324	243,508	234,343	224,50
Gasoline	mn l	5,034	4,836	5,078	14,948	59,782	-535	-1,130	-3.5%	-1.9%	60,133	61,231	61,611	60,912	59,78
Diesel	mn I	3,144	3,117	3,053	9,314	35,954	-358	-846	-3.7%	-2.3%	38,280	38,101	37,346	36,800	35,95
Fuel Oil	mn l	3,980	3,831	4,460	12,271	45,348	418	-4,556	3.5%	-9.1%	61,790	56,294	55,219	49,903	45,34
	mn I	4,052	4,209	4,459	12,720	49,173	-854	-396	-6.3%	-0.8%	48,403	48,597	49,414	49,569	49,17
		-													4,23
- Naphtha	mn I	307	635	471	1,413	4,236	-2,681	-9,239	-65.5%	-68.6%	24,489	20,473	14,496	13,476	4./.
- Naphtha - Net Product Imports - Auto Sales	mn I k	307 406	635 451	471 368	1,413 1,225	4,236 5,354	-2,681 -47	-9,239 -386	-65.5% -3.7%	-68.6% -6.7%	24,489 5.832	20,423 5.910	14,496 5.852	13,476 5.740	5.35



Figure 4. (cont...). Asia-Pacific: Implied Oil Demand

							YoY C	hange	YoY %	Change					
	Units	Oct-07	Nov-07	Dec-07	O-D 07	YTD	O-D 07	YTD	O-D 07	YTD	2003	2004	2005	2006	2007
Oil Product	Mbbl	65,688	67,863	70,937	204,488	786,712	-1,846	26,651	-0.9%	3.5%	760,129	750,208	758,945	760,061	786,71
Gasoline	Mbbl	5,415	5,106	5,195	15,716	62,490	133	2,563	0.9%	4.3%	60,484	58,211	59,563	59,927	62,490
- Diesel	Mbbl	13,272	13,032	13,236	39,540	145,289	1,286	2,643	3.4%	1.9%	145,366	144,533	142,546	142,646	145,28
Fuel Oil	Mbbl	7,250	7,509	7,723	22,482	92,804	-4,730	-4,076	-17.4%	-4.2%	115,821	105,229	100,541	96,880	92,80
Naphtha	Mbbl	22,992	25,967	27,530	76,489	309,266	253	24,405	0.3%	8.6%	252,417	262,870	273,867	284,861	309,26
Net Product Imports	Mbbl	-9,078	-10,764	18,210	-1,632	-56,127	23,234	41,201	-93.4%	-42.3%	10,492	-40,371	-83,425	-97,328	-56,12
Auto Sales	k	106	103	115	324	1,210	0	45	-0.1%	3.9%	1,344	1,128	1,145	1,164	1,210
aiwan: Oil and Oil Pr	oduct Dem	and													
							YoY C	hange	YoY %	Change					
	Units	Oct-07	Nov-07	Dec-07	O-D 07	YTD	O-D 07	YTD	O-D 07	YTD	2003	2004	2005	2006	2007
- Oil Product	kt	2,326	2,065	2,185	6,576	26,141	-13	-1,346	-0.2%	-4.9%	26,668	26,812	27,167	27,486	26,14
- Gasoline	kt	533	463	522	1,518	6,466	-126	-184	-7.7%	-2.8%	6,523	6,673	6,824	6,650	6,466
- Diesel	kt	388	341	398	1,127	4,718	-179	-399	-13.7%	-7.8%	4,908	5,028	5,028	5,118	4,718
Fuel Oil	kt	848	784	792	2,424	9,432	72	-931	3.0%	-9.0%	10,708	10,158	10,158	10,363	9,432
LPG	kt	103	106	115	325	1,359	-81	-148	-19.9%	-9.8%	1,249	1,390	1,390	1,507	1,359
Net Product Imports	kt	1,718	1,319	1,751	4,788	17,359	766	2,763	19.0%	18.9%	9,986	13,359	13,359	14,596	17,35
Auto Sales	kt	25	20	19	64	273	7	-34	12.9%	-11.0%	362	422	422	307	273
Fhailand: Oil and Oil I	Product De	mand													
							YoY C	hange	YoY %	Change					
	Units	Oct-07	Nov-07	Dec-07	O-D 07	YTD	YoY C O-D 07	hange YTD	YoY % O-D 07	Change YTD	2003	2004	2005	2006	2007
- Oil Product	Units mn I	Oct-07 3,570	Nov-07 3,491	Dec-07 3,611	O-D 07 10,672	YTD 42,016	1	•		•	2003 33,973	2004 42,678	2005 42,824	2006 41,914	
							O-D 07	YTD	O-D 07	YTD					42,01
- Gasoline	mn I	3,570	3,491	3,611	10,672	42,016	O-D 07 512	YTD 103	O-D 07 5.0%	YTD 0.2%	33,973	42,678	42,824	41,914	42,01 7,337
- Gasoline - Diesel	mn I mn I	3,570 620	3,491 589	3,611 622	10,672 1,831	42,016 7,337	O-D 07 512 -32	YTD 103 120	O-D 07 5.0% -1.7%	YTD 0.2% 1.7%	33,973 7,635	42,678 7,661	42,824 7,248	41,914 7,216	42,01 7,337 18,71
Gasoline Diesel Fuel Oil	mn I mn I mn I	3,570 620 1,500	3,491 589 1,534	3,611 622 1,611	10,672 1,831 4,644	42,016 7,337 18,710	O-D 07 512 -32 82	YTD 103 120 356	O-D 07 5.0% -1.7% 1.8%	YTD 0.2% 1.7% 1.9%	33,973 7,635 17,550	42,678 7,661 19,640	42,824 7,248 19,645	41,914 7,216 18,354	42,01 7,33 18,71 4,22
Gasoline Diesel Fuel Oil LPG	mn I mn I mn I mn I	3,570 620 1,500 434	3,491 589 1,534 328	3,611 622 1,611 333	10,672 1,831 4,644 1,096	42,016 7,337 18,710 4,221	O-D 07 512 -32 82 102	YTD 103 120 356 -1,636	O-D 07 5.0% -1.7% 1.8% 10.3%	YTD 0.2% 1.7% 1.9% -27.9%	33,973 7,635 17,550 4,991	42,678 7,661 19,640 6,064	42,824 7,248 19,645 6,205	41,914 7,216 18,354 5,858	42,01 7,33 18,71 4,22 6,79
- Oil Product - Gasoline - Diesel - Fuel Oil - LPG - Net Product Imports - Auto Sales	mn I mn I mn I mn I mn I	3,570 620 1,500 434 614	3,491 589 1,534 328 619	3,611 622 1,611 333 605	10,672 1,831 4,644 1,096 1,837	42,016 7,337 18,710 4,221 6,798	O-D 07 512 -32 82 102 282	YTD 103 120 356 -1,636 851	O-D 07 5.0% -1.7% 1.8% 10.3% 18.1%	YTD 0.2% 1.7% 1.9% -27.9% 14.3%	33,973 7,635 17,550 4,991 0	42,678 7,661 19,640 6,064 5,047	42,824 7,248 19,645 6,205 5,413	41,914 7,216 18,354 5,858 5,948	2007 42,016 7,337 18,710 4,221 6,798 -6,813
Gasoline Diesel Fuel Oil LPG Net Product Imports Auto Sales	mn I mn I mn I mn I mn I k	3,570 620 1,500 434 614 -612 58	3,491 589 1,534 328 619 -642	3,611 622 1,611 333 605 -796	10,672 1,831 4,644 1,096 1,837 -2,049	42,016 7,337 18,710 4,221 6,798 -6,813	O-D 07 512 -32 82 102 282 37	YTD 103 120 356 -1,636 851 82	O-D 07 5.0% -1.7% 1.8% 10.3% 18.1% -1.8%	YTD 0.2% 1.7% 1.9% -27.9% 14.3% -1.2%	33,973 7,635 17,550 4,991 0 -5,132	42,678 7,661 19,640 6,064 5,047 -5,179	42,824 7,248 19,645 6,205 5,413 -4,931	41,914 7,216 18,354 5,858 5,948 -6,895	42,016 7,337 18,716 4,221 6,798 -6,813
- Gasoline - Diesel - Fuel Oil - LPG - Net Product Imports	mn I mn I mn I mn I mn I k	3,570 620 1,500 434 614 -612 58	3,491 589 1,534 328 619 -642	3,611 622 1,611 333 605 -796	10,672 1,831 4,644 1,096 1,837 -2,049	42,016 7,337 18,710 4,221 6,798 -6,813	O-D 07 512 -32 82 102 282 37 -14	YTD 103 120 356 -1,636 851 82	O-D 07 5.0% -1.7% 1.8% 10.3% 18.1% -1.8% -7.1%	YTD 0.2% 1.7% 1.9% -27.9% 14.3% -1.2%	33,973 7,635 17,550 4,991 0 -5,132	42,678 7,661 19,640 6,064 5,047 -5,179	42,824 7,248 19,645 6,205 5,413 -4,931	41,914 7,216 18,354 5,858 5,948 -6,895	42,016 7,337 18,716 4,221 6,798 -6,813
Gasoline Diesel Fuel Oil LPG Net Product Imports Auto Sales	mn I mn I mn I mn I mn I k	3,570 620 1,500 434 614 -612 58	3,491 589 1,534 328 619 -642	3,611 622 1,611 333 605 -796	10,672 1,831 4,644 1,096 1,837 -2,049	42,016 7,337 18,710 4,221 6,798 -6,813	O-D 07 512 -32 82 102 282 37 -14	YTD 103 120 356 -1,636 851 82 -51	O-D 07 5.0% -1.7% 1.8% 10.3% 18.1% -1.8% -7.1%	YTD 0.2% 1.7% 1.9% -27.9% 14.3% -1.2% -7.5%	33,973 7,635 17,550 4,991 0 -5,132	42,678 7,661 19,640 6,064 5,047 -5,179	42,824 7,248 19,645 6,205 5,413 -4,931	41,914 7,216 18,354 5,858 5,948 -6,895	42,01 7,333 18,71 4,22 6,798 -6,81
Gasoline Diesel Fuel Oil LPG Net Product Imports Auto Sales //ietnam: Oil and Oil F	mn I mn I mn I mn I mn I k	3,570 620 1,500 434 614 -612 58	3,491 589 1,534 328 619 -642 58	3,611 622 1,611 333 605 -796 64	10,672 1,831 4,644 1,096 1,837 -2,049 180	42,016 7,337 18,710 4,221 6,798 -6,813 631	O-D 07 512 -32 82 102 282 37 -14	YTD 103 120 356 -1,636 851 82 -51	O-D 07 5.0% -1.7% 1.8% 10.3% 18.1% -1.8% -7.1%	YTD 0.2% 1.7% 1.9% -27.9% 14.3% -1.2% -7.5% Change	33,973 7,635 17,550 4,991 0 -5,132 531	42,678 7,661 19,640 6,064 5,047 -5,179 626	42,824 7,248 19,645 6,205 5,413 -4,931 703	41,914 7,216 18,354 5,858 5,948 -6,895 682	42,01 7,33 18,71 4,22 6,79 -6,81 631
- Gasoline - Diesel - Fuel Oil - LPG - Net Product Imports - Auto Sales	mn I mn I mn I mn I mn I k roduct Der	3,570 620 1,500 434 614 -612 58 nand	3,491 589 1,534 328 619 -642 58	3,611 622 1,611 333 605 -796 64	10,672 1,831 4,644 1,096 1,837 -2,049 180	42,016 7,337 18,710 4,221 6,798 -6,813 631	O-D 07 512 -32 82 102 282 37 -14 YoY C	YTD 103 120 356 -1,636 851 82 -51	O-D 07 5.0% -1.7% 1.8% 10.3% 18.1% -1.8% -7.1% YoY % O-D 07	YTD 0.2% 1.7% 1.9% -27.9% 14.3% -1.2% -7.5% Change YTD	33,973 7,635 17,550 4,991 0 -5,132 531	42,678 7,661 19,640 6,064 5,047 -5,179 626	42,824 7,248 19,645 6,205 5,413 -4,931 703	41,914 7,216 18,354 5,858 5,948 -6,895 682	42,01 7,33 18,71 4,22 6,798 -6,81 631



Figure 5. Asia-Pacific: Implied Oil and Oil Product Demand (January 2003-December 2007)

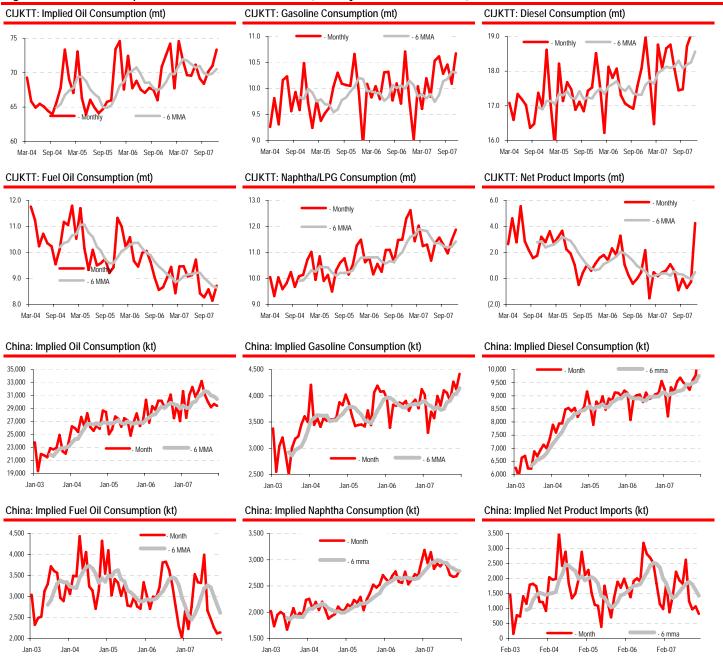




Figure 5. (cont...). Asia-Pacific: Implied Oil and Oil Product Demand (January 2003-December 2007)

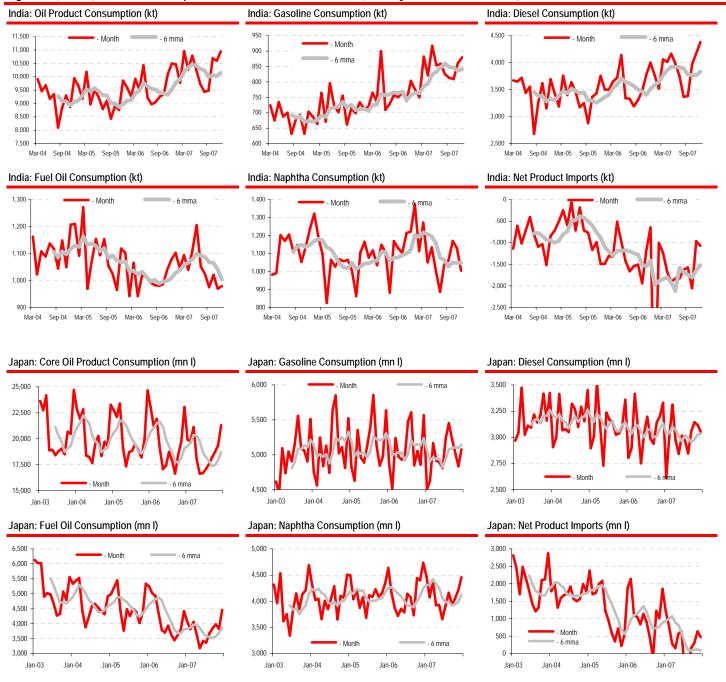




Figure 5. (cont...). Asia-Pacific: Implied Oil and Oil Product Demand (January 2003-November 2007)

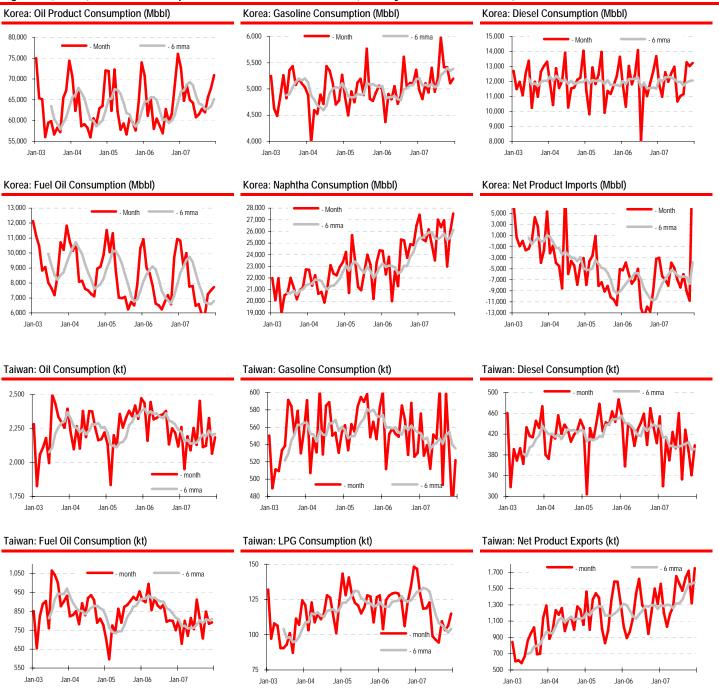




Figure 5. (cont...). Asia-Pacific: Implied Oil and Oil Product Demand (January 2003-November 2007)

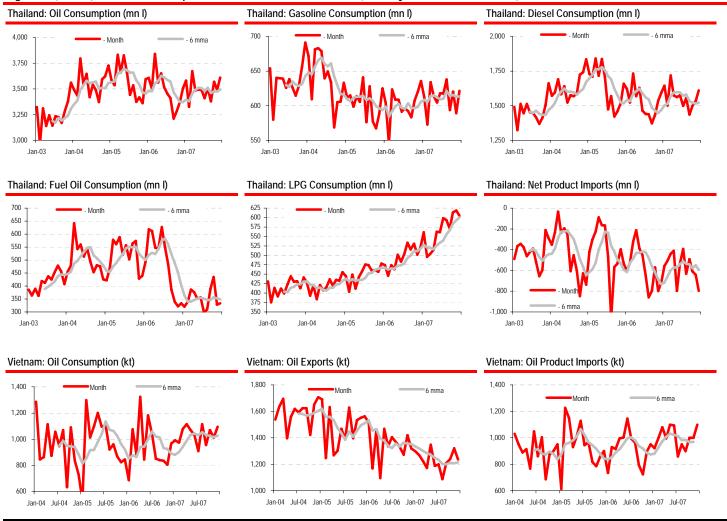




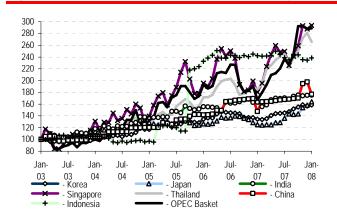
Figure 6. Asia-Pacific: Auto Sales (December 2006-December 2007)

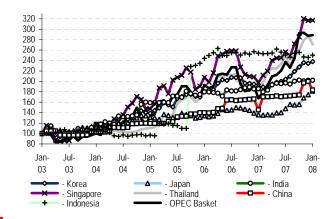
	1 1gun 0 01 7 101u 1			(2000			,							
Hearman Paris Paris Paris Hearman	Unit Sales	Dec '06	Jan '07	Feb '07	Mar '07	Apr '07	May '07	Jun '07	Jul '07	Aug '07	Sep '07	Oct '07	Nov '07	Dec '07
change 1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.	- Australia	76,918	76,936	83,740	94,392	75,614	88,597	105,097	86,291	88,206		89,289	92,081	86,250
	- China	751,546	721,950	564,638	858,341	815,793	725,269	733,086	645,986	680,941	778,026	705,265	808,800	847,204
Female 1968 1968 1969 1962 1965 1962 1965 1962 1965 1962 1965 1963 1964 1965 1264 1265	- India	147,572	182,821	160,953	199,320	138,086	155,005	155,229	149,450	162,065	176,090	182,159	171,404	157,628
Publish Publ	- Indonesia	31,160	26,831	23,649	33,857	35,362	38,266	39,347	38,386	41,471	41,036	31,258	45,826	39,180
Philippines 10,09	- Korea	121,423	95,228	89,564	106,529	99,632	104,553	106,267	102,391	99,508	91,904	105,841	103,432	115,000
Philippines 10,09	- Malaysia	36,608	35,047	31,284	38,619	33,679	38,327	43,783	44,686	47,585	44,984	42,915	43,783	42,244
1-abanated 18,000 81,010 15,347 22,015 22,950 22,442 26,329 20,141 20,142 20,147 3,187 3,101 3,187 3,187 3,187 3,187 3,187 3,187 3,187 3,187 3,187 3,187 3,187 1,187 3,188 3,187 1,187 3,187 3,187 3,189 1,189 1,189 1,187<	- Philippines		7,521	8,474	10,206	8,628	9,693	9,737	9,932	9,375	10,485	11,194	10,530	12,132
Pasigne 1.0	- Singapore	8,348	9,501	7,297	8,976	8,230	8,016	8,669	7,064	6,882	7,570	7,257	6,247	7,749
Asia Exapany Californ 1269,28 226,472 1262,577 1342,975 1276,777 1276,975 1376,977 1276,975 1376,977 1376	- Taiwan	18,093	40,160	15,347	22,015	22,535	25,659	22,442	26,359	18,155	20,164	24,657	20,169	18,768
Page	- Thailand	84,501	38,627	43,611	56,020	49,658	51,362	53,218	51,162	54,163	53,491	57,837	57,691	64,356
No.	Asia (Ex-Japan) Total	1,286,268	1,234,622	1,028,557	1,428,275	1,287,217	1,244,747	1,276,875	1,161,707	1,208,351	1,307,239	1,257,672	1,359,963	1,390,511
Page	- Japan	407,804	371,333	505,116	767,366	357,690	378,800	462,165	438,940	347,307	499,795	406,215	451,087	367,786
-Justification 96.52 L 7.6,39 (1.06). 25.00 (2.07). 330.06 (2.07). 4.192.07 (2.07). 4.190.07 (2.07). 6.081.03 (3.07). 7.02.20 (2.07). 8.08,329 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.00.00 (2.07). 9.00.00 (2.0	Asia Total	1,694,072	1,605,955	1,533,673	2,195,641	1,644,907	1,623,547	1,739,040	1,600,647	1,555,658	1,807,034	1,663,887	1,811,050	1,758,297
-Justification 96.52 L 7.6,39 (1.06). 25.00 (2.07). 330.06 (2.07). 4.192.07 (2.07). 4.190.07 (2.07). 6.081.03 (3.07). 7.02.20 (2.07). 8.08,329 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.08.529 (2.07). 8.00.00 (2.07). 9.00.00 (2.0	YTD Unit Sales													
c-head 7,127,20 121,990 128,958 21,497.99 296,072 3,485.99 4,1477 5,056,108 7,447,090 4,227,998 08,080,90 2,885.90 1,990,210 - Indionesia 1,149,989 128,282 134,3774 543,094 811,098 197,696 197,312 23,686 277,199 318,209 1,641,189 1,992,200 1,444,499 1,444,49		962 521	76 936	160 676	255.068	330 682	419 279	524 376	610 667	698 873	782 362	871 651	963 732	1 049 982
india 1,7995 182,821 343,774 54,000 681,180 381,880 91,712 149,000 1,617,000 1,617,000 32,825 1,920,100 1,418,260 310,200 1,617,000 32,825 1,942,100 1,943,100 2,721,200 313,000 340,460 325,000 43,449 1,121,200<														
-bdm/resides 318,808 06,321 08,080 84,337 119,699 179,596 197,316 207,316 317,169 317,169 319,085 349,469 1,104,891														
-Koroa 1.61,084 69,228 194,792 291,921 390,932 495,066 201,732 204,644 90,3672 895,566 1.001,411 1,104,849 1,219,849 4,042 4,66,368 4,66,368 1,66,368 1,76,569 20,001 14,562 44,522 42,529 64,191 335,066 34,051 65,275 11,079 1,779 1,799 2,001 34,029 14,522 54,289 61,191 335,066 34,051 65,275 11,079 2,001 34,089 57,753 14,618 36,077 21,090 1,001 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>														
-Indisprian 490,766 289,78 66.331 104,950 128,099 127,959 225,729 252,759 235,200 38,090 444,692 468,936 - Philippines 95,331 7.521 15,998 2.6201 38,090 42,000 50,669 57,735 50,669 77,400 72,000 79,402 55,700 79,402 57,743 74,000 75,752 10,000 75,752 10,000 75,752 10,000 75,752 10,000 75,752 10,000 75,752 10,000 75,752 10,000 75,752 10,000 10,000 33,650 10,000 20,000 20,000 38,600 90,003 11,117,500 12,832 21,700 50,600 75,753 10,000														
-Philippines 995.38 7.521 15.995 26.201 34.829 44.522 54.299 64.191 73.566 84.051 95.05 10.797 93.436 -Inalyane 306.433 40.100 55.077 25.722 100.051 11.716 14.1818 174.517 122.672 212.836 237.493 237.602 267.623 72.003 73.004 20.004 13.007.00 451.312 201.00 56.840 73.00 73.00 13.007.00 23.20 23.20 23.278 23.20 23.20 23.000 23.000 28.000 98.703.51 11.175 12.50 15.000.00 56.840 31.30 40.101 20.001.00 20.00														
- Singapore 15,081 9,01 16,798 25,774 34,094 42,002 50,689 57,753 44,635 72,205 79,462 25,769 73,462 73,461	-													
- Tabland 30,433 30,400 55,507 77,522 100,057 125,716 148,158 174,517 192,672 221,836 237,403 25,662 26,640 53,100 150,100 201,800 237,800 201,800 237,800 201,800 20														
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- Singapore	- Malaysia	-10.9%	-14.9%	-14.5%	-15.3%	-15.8%	-15.5%	-12.2%	-9.2%	-7.8%	-6.4%	-4.1%	-2.1%	-0.8%
- Taiwan -31.4% -34.1% -33.8% -32.5% -28.8% -24.5% -24.2% -20.4% -18.0% -14.9% -13.1% -10.6% -9.8% -10.1% -	- Philippines	2.6%	-2.8%	16.4%	18.7%	18.8%	17.7%	17.3%	17.0%	15.7%	16.6%	18.5%	18.3%	18.5%
- Thailand -3.0% -23.4% -20.8% -18.7% -15.9% -14.3% -12.6% -10.8% -9.4% -7.6% -5.7% -5.1% -7.5% Asia (Ex-Japan) Total 9.0% 17.2% 14.7% 13.2% 13.8% 14.5% 15.5% 16.9% 17.5% 17.0% 17.1% 17.0% 16.2% -Japan -1.9% -6.0% -5.7% -6.9% -7.2% -7.1% -7.4% -7.4% -7.9% -7.4% -7.6% -7.6% -7.1% -6.5% -6.7%	- Singapore	-5.8%	-13.4%	-12.0%	-19.5%	-18.3%	-19.0%	-17.4%	-18.8%	-19.3%	-19.7%	-19.0%	-19.7%	-18.8%
Asia (Ex-Japan) Total 9.0% 17.2% 14.7% 13.2% 13.8% 14.5% 15.5% 16.9% 17.5% 17.0% 17.1% 17.0% 16.2% - Japan -1.9% -6.0% -5.7% -6.9% -7.2% -7.1% -7.4% -7.9% -7.4% -7.6% -7.6% -7.1% -6.5% -6.7%	- Taiwan	-31.4%	-34.1%	-33.8%	-32.5%	-28.8%	-24.5%	-24.2%	-20.4%	-18.0%	-14.9%	-13.1%	-10.6%	-9.8%
- Japan -1.9% -6.0% -5.7% -6.9% -7.2% -7.1% -7.4% -7.9% -7.4% -7.6% -7.1% -6.5% -6.7%	- Thailand	-3.0%	-23.4%	-20.8%	-18.7%	-15.9%	-14.3%	-12.6%	-10.8%	-9.4%	-7.6%	-5.7%	-5.1%	-7.5%
	Asia (Ex-Japan) Total	9.0%	17.2%	14.7%	13.2%	13.8%	14.5%	15.5%	16.9%	17.5%	17.0%	17.1%	17.0%	16.2%
Asia Total 5.4% 10.9% 8.1% 6.1% 6.9% 7.6% 8.1% 8.9% 9.5% 9.1% 9.5% 9.7% 9.2%	- Japan	-1.9%	-6.0%	-5.7%	-6.9%	-7.2%	-7.1%	-7.4%	-7.9%	-7.4%	-7.6%	-7.1%	-6.5%	-6.7%
	Asia Total	5.4%	10.9%	8.1%	6.1%	6.9%	7.6%	8.1%	8.9%	9.5%	9.1%	9.5%	9.7%	9.2%

Source: Bear Stearns Asia Ltd., Segment Y.



Figure 7. Asia-Pacific Oil Retail Prices Indexed January 2003 = 100 to January 2007: Gasoline (LHS) and Diesel (RHS)





Source: Bear Stearns Asia Ltd., Bloomberg, China OGP, EPPO, KMOS, PPAC, IEEJ.

Figure 8. Asia-Pacific: Retail Product Prices (January 2003 vs. January 2007)

		China		-	India			Indonesia		Japan		Korea		-	Singapore			Thailand		l	
	Jan-03	Jan-08	Chg	Jan-03	Jan-08	Chg	Jan-03	Jan-08	Chg	Jan-03	Jan-08	Chg	Jan-03	Jan-08	Chg	Jan-03	Jan-08	Chg	Jan-03	Jan-08	Chg
Product Prices (Local Curreny/Lite	r)																				
- Gasoline	2.89	4.43	53.4%	30.15	43.49	44.2%	1,810	4,500	148.6%	104.99	152.89	45.6%	1,305	1,661	27.3%	0.89	2.13	139.2%	16.80	32.79	95.2%
- Diesel	2.94	4.68	59.1%	19.47	32.42	66.5%	1,650	4,300	160.6%	81.99	132.09	61.1%	766	1,464	91.1%	0.61	1.57	158.2%	14.65	29.14	98.9%
Product Prices (US\$/Liter)																					
- Gasoline	0.35	0.62	76.8%	0.63	1.10	75.1%	0.20	0.49	138.7%	0.88	1.44	64.0%	1.11	1.76	58.5%	0.51	1.50	193.6%	0.39	1.04	165.6%
- Diesel	0.36	0.65	83.3%	0.41	0.82	102.1%	0.19	0.47	150.2%	0.68	1.24	81.4%	0.65	1.55	138.0%	0.35	1.10	217.0%	0.34	0.93	170.7%
Product Prices (US\$/bbl)																					
- Gasoline	55.49	98.10	76.8%	100.29	175.59	75.1%	32.44	77.43	138.7%	139.26	228.36	64.0%	176.78	280.22	58.5%	81.40	239.02	193.6%	62.46	165.92	165.6%
- Diesel	56.52	103.62	83.3%	64.77	130.89	102.1%	29.57	73.99	150.2%	108.76	197.30	81.4%	103.77	246.95	138.0%	55.42	175.67	217.0%	54.47	147.45	170.7%
- OPEC Basket (US\$/bbl)	30.34	87.60	188.7%	30.34	87.60	188.7%	30.34	87.60	188.7%	30.34	87.60	188.7%	30.34	87.60	188.7%	30.34	87.60	188.7%	30.34	87.60	188.7%
- Gasoline-OPEC Basket Spread	25.15	10.50	-58.3%	69.95	87.99	25.8%	2.10	(10.17)	-584%	108.92	140.76	29.2%	146.44	192.62	31.5%	51.06	151.42	196.6%	32.12	78.32	143.8%
- Diesel-OPEC Basket Spread	26.18	16.02	-38.8%	34.43	43.29	25.8%	(0.77)	(13.61)	1679%	78.42	109.70	39.9%	73.43	159.35	117.0%	25.08	88.07	251.2%	24.13	59.85	148.0%

Source: Bear Stearns Asia Ltd., Bloomberg, China OGP, EPPO, KMOS, PPAC, IEEJ Bloomberg.

Figure 9. Asia-Pacific: Biodiesel (LHS) and Ethanol (RHS), Mix Targets and Estimates

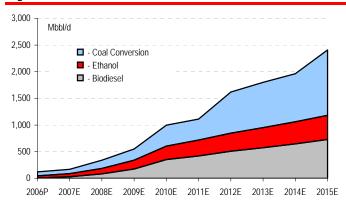
BIODIESEL	2004 2005	2006P	2007E	7E 2008E 2009E 2010E				2011E 2012E 2013E 2014E 2015			
- Australia			incr	easing t	o B5			> B5 ex	xpected		
- China			i	increasing to B5 > B5 expected					5 expected		
- India	increasing t	to B5		> B5 expected							
- Indonesia		B5	increa	sing to E	310			> B10 e	xpected		
- Japan				ir	ncreasin	g from	nil to B	10			
- South Korea		- Bi	0.5 -	i	ncreasi	ng to B	- B3 -				
- Malaysia				- B	15 -			expected			
- New Zealand				in	creasing	g to B2.	25		> B2.25		
- Philippines			- B1 -	- B2 -		increas			ng to B5		
- Taiwan	Taiwan					- B:			32 -		
- Thailand						easing t	o B5		> B10 expected		

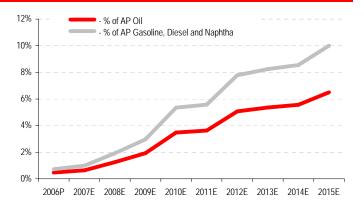
<u>ETHANOL</u>	2004	2005	2006P	P 2007E 2008E 2009E 2010E 2011E 2012E 2013E 2						2013E 2014E 2015E			
- Australia				incre	easing to	E10		> E10 expected					
- China			i	increas	ing to E5	5			> E5 ex	rpected			
- India				- E5 -		E10 expected							
- Indonesia			E5	increa	sing to E	10			> E10 e	xpected			
- Japan					increasing from nil to E10								
- South Korea		incre	easing t	to E5	E5 increasing to E10								
- New Zealand						- E	1 -			- E3.4 -			
- Philippines				- E1 -		- E	5 -	- E10 -		> E10 expected			
- Taiwan	niwan									- E3 -			
- Thailand	nailand E5 increasing to E10							> E'	10 expe	cted			

Source: Bear Stearns Asia Ltd. estimates, CBOT, Oil World, Bloomberg.



Figure 10. Asia-Pacific: Ethanol, Biodiesel and Coal Conversion Production (LHS) and Oil, Gasoline, Diesel and Naphtha Displaced (RHS)





Source: Bear Stearns Asia Ltd. estimates, various sources.

Figure 11. Asia-Pacific: Alternative Fuel Supply

Mbbl/d	2006P	2007E	2008E	2009E	2010E	2015E
- Biodiesel	7	34	94	195	385	838
- Ethanol	29	42	73	118	181	337
- Coal To Liquids	0	0	30	52	178	905
- Coal To Methanol	73	73	80	80	74	85
- Coal to DME	2	5	12	33	79	142
- Coal to Olefins	0	4	33	44	63	94
Total	112	158	322	522	960	2,401
- Change	55	46	165	200	438	1,441
- % Change	98%	41%	104%	62%	84%	74%

Source: Bear Stearns Asia Ltd. estimates.



Figure 12. Asia-Pacific: Alternative Fuel Capacity

Displaced Oil (Mboe/d)	2005	2006P	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
- Australia	0.0	0.5	1.0	1.9	3.4	24.0	28.8	90.8	95.6	100.5	105.4
- China	54.7	98.0	111.9	219.6	362.2	702.0	740.0	969.6	1,070.8	1,144.7	1,446.2
- India	0.0	3.9	10.6	24.9	35.6	65.4	87.0	202.3	231.1	263.2	298.6
- Indonesia	0.0	1.3	15.3	32.4	43.0	47.5	61.2	74.6	94.2	113.9	121.0
- Japan	0.0	0.0	0.1	3.0	7.7	10.9	15.3	19.6	24.0	28.4	32.7
- Korea	0.0	1.4	1.9	13.2	22.2	26.7	31.2	31.3	31.4	31.5	31.6
- Philippines	0.0	1.7	4.2	4.4	8.2	10.9	11.6	14.2	17.0	20.1	83.0
- Thailand	1.0	1.8	5.7	7.4	11.6	21.3	36.3	62.6	79.9	100.4	127.6
Sub Total	56	109	151	307	494	909	1,011	1,465	1,644	1,803	2,246
- Remaining AP (+10%)	0.9	3.3	6.9	15.2	28.4	51.5	61.8	121.8	131.7	142.4	154.3
Total	57	112	158	322	522	960	1,073	1,587	1,776	1,945	2,400
- AP Oil Demand	23,448	24,228	25,016	26,246	27,489	28,765	30,538	32,340	34,170	36,028	37,915
- % Displaced	0.2%	0.5%	0.6%	1.2%	1.9%	3.3%	3.5%	4.9%	5.2%	5.4%	6.3%
- AP Gasoline, Diesel & Napthpa	15,241	15,748	16,260	17,060	17,868	18,697	19,850	21,021	22,210	23,418	24,645
- % Displaced	0.4%	0.7%	1.0%	1.9%	2.9%	5.1%	5.4%	7.5%	8.0%	8.3%	9.7%
- 70 Displaced	0.470	0.770	1.070	1.770	2.770	5.170	J.470	7.570	0.070	0.570	7.170
ETHANOL (Mboe/d)	2005	2006P	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
- Australia	-	0.2	0.5	0.9	1.6	2.3	4.6	7.0	9.3	11.6	13.9
- China	7.6	20.2	24.9	36.3	59.3	102.4	117.7	128.6	139.7	150.9	162.2
- India	-	3.9	5.8	9.3	13.2	17.7	21.4	25.5	30.0	34.9	40.4
- Indonesia	-	0.2	1.6	6.6	10.4	12.7	18.0	22.0	24.0	26.0	28.1
- Japan	-	_	0.1	2.4	4.7	5.7	8.0	10.2	12.5	14.8	17.1
- Korea	-	-	-	4.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0
- Philippines	-	0.5	2.0	2.1	2.2	4.6	4.9	5.7	6.6	7.6	9.2
- Thailand	0.8	1.4	3.4	4.5	6.8	10.2	11.4	16.5	19.0	23.3	26.3
TOTAL	8	26	38	67	107	165	195	225	250	278	306
- Remaing AP +(10%)	0.8	2.6	3.8	6.7	10.7	16.5	19.5	22.5	25.0	27.8	30.6
Total	9.2	29	42	73	118	181	215	247	275	306	337
BIODIESEL (Mboe/d)	2005	2006P	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
- Australia	-	0.3	0.5	1.0	1.8	2.5	5.1	7.6	10.2	12.7	15.3
- China	-	2.5	5.2	28.6	93.4	224.8	247.6	270.6	293.9	317.5	341.4
- India	-	-	4.9	15.7	22.4	47.7	65.6	100.4	124.7	151.9	181.8
- Indonesia	-	1.1	13.8	25.8	32.7	34.8	43.2	52.6	57.4	62.3	67.2
- Japan	-	-	-	0.6	3.0	5.2	7.3	9.4	11.5	13.6	15.7
- Korea	-	1.4	1.9	8.7	13.2	17.7	22.2	22.3	22.4	22.4	22.5
- Philippines	-	1.2	2.2	2.3	6.0	6.3	6.6	8.4	10.4	12.5	16.5
- Thailand	0.2	0.4	2.3	2.9	4.8	11.1	24.9	46.1	60.9	77.0	101.3
TOTAL	0.2	7	31	86	177	350	423	518	591	670	762
- Remaing AP +(10%)	0.0	0.7	3.1	8.6	17.7	35.0	42.3	51.8	59.1	67.0	76.2
Total	0.2	7	34	94	195	385	465	569	651	737	838
Coal Conversion (Mboe/d)	2005	2006P	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
- Australia	-	-	-	-	-	19.1	19.1	76.2	76.2	76.2	76.2
- China	47.1	75.4	81.8	154.7	209.5	374.8	374.8	570.4	637.1	676.3	942.6
- India	-	-	-	-	-	-	-	76.4	76.4	76.4	76.4
- Indonesia	-	_	_	_	_	_	_	-	12.8	25.7	25.7
- Japan	_	_	_	_	_				-	-	20.7
- Korea	-	-	-	•	-						
- Philippines	-	-	-	-	-	-					57.3
	-	-	-	-	-	-					
- Thailand	-	-	-	-	-	-		- 47.4	47 /	- 47.4	- 47.4
- New Zealand	- 47	-	-	455	- 040	-	-	47.6	47.6	47.6	47.6
Total	47	75	82	155	210	394	394	770	850	902	1,226

Source: Bear Stearns Asia Ltd. estimates, various sources.



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