Greetings,

Key conclusions from the latest assessment on oil markets by the IHS Markit Crude Oil Market Service follows. Please feel free to quote from below.

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The Big Fill: China's Oil Inventories to Swell by 440 Million Barrels in First Half of 2020 – Largest Six Month Increase Ever

IHS Markit estimates that China’s crude oil inventories will increase by 440 million barrels (MMb/d) over the first six months of 2020.

This “big fill” dwarfs the largest ever six-month increase in US crude stocks to date which was during late 2014 and early 2015 when stocks increased 111 million barrels—just 25% the size of the inventory build currently underway in China.

“The world has never seen an increase of this magnitude in such a short period of time. Crude oil in storage has increased around the world as demand has fallen this year. But no geography—not even floating storage—matches the scale of China’s inventory increase.” – Jim Burkhard, vice president and head of oil markets, IHS Markit

The peak of China’s stockbuild, on a daily average basis, was 4.8 MMb/d in February when Chinese oil demand was at a low point. The size of China’s inventory build has been a source of support for an otherwise exceptionally weak crude oil market which has faced record-level falls in crude demand and, briefly in April, negative oil prices due to the impacts of COVID-19.

“China’s crude oil buying and stock building have been a critical support for an otherwise exceptionally weak crude oil market. It is part of the reason for the increase in crude oil prices that have occurred since late April.” – Xiaonan Feng, research analyst, IHS Markit

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