

February 11, 2020

Our China monthly import tracker uses OilX's unique tanker and pipeline tracking technologies to provide a consistently accurate estimate for international flows into the Asian country at least a month before the release of the official data.

Our import series has a correlation of over 90% with the Chinese customs data with an average deviation of less than 500 KBD.

**Juan Carlos Rodriguez**

[j.rodriguez@oilx.co](mailto:j.rodriguez@oilx.co)

Oil Analyst

**Valantis Markogiannakis**

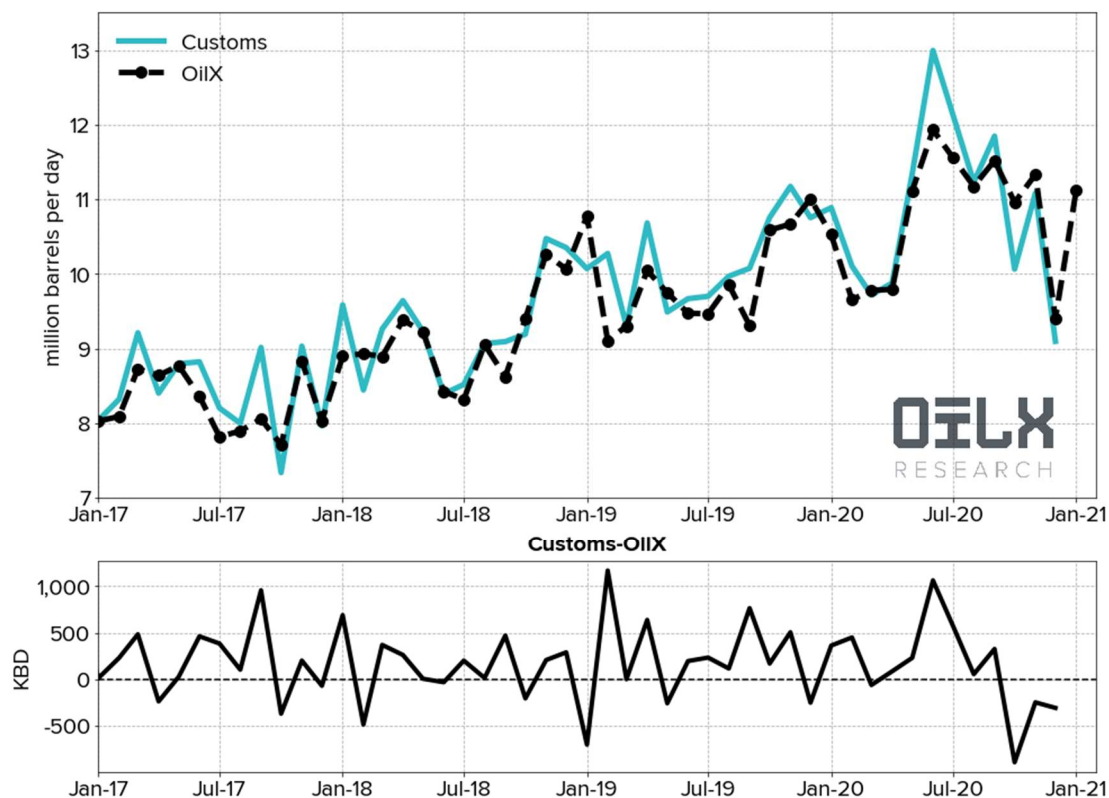
[c.markogiannakis@oilx.co](mailto:c.markogiannakis@oilx.co)

Oil Analyst

#### Key takeaways:

- Our estimates show China crude imports for January at **11.12 mmbbl/d**, an increase of **1.74 mmbbl/d** or **18.22%** than our estimate for December
- Official figures from Chinese Customs will be released on March 7 for January and February combined
- The bounce back reflects the arrivals under the 2021 quota scheme and the ongoing economic recovery. In fact, Chinese refining intake has remained above **14 mmbbl/d** for eight consecutive months.
- In another promising sign, designated storage for Shanghai INE futures continues to fall and has now drawn nearly 6 mmbbl since the end of 2020

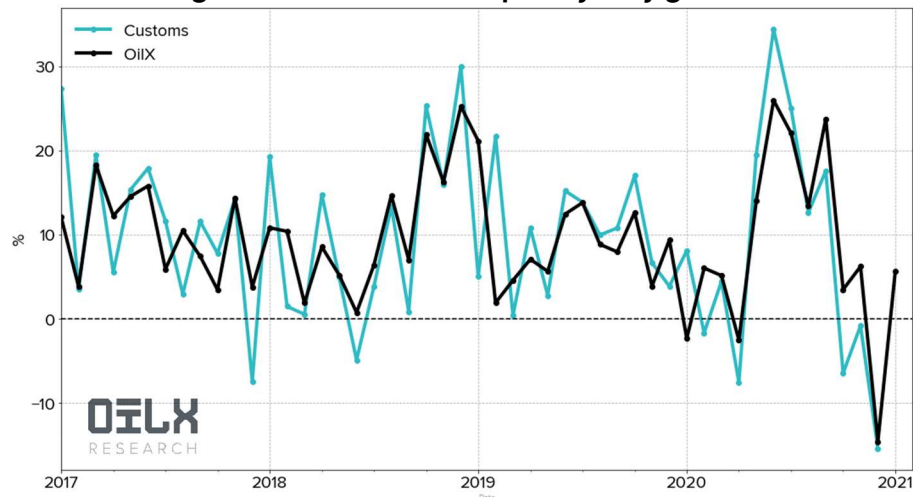
**Figure 1 - China total crude imports**



Source: OilX Research

We assess China's January crude imports at 11.12 mmbbl/d, a monthly increase of 1.71 mmbbl/d (18.22% MoM) from our December estimate, and a yearly increase of 594 KBD (5.64%) (**Figure 2**).

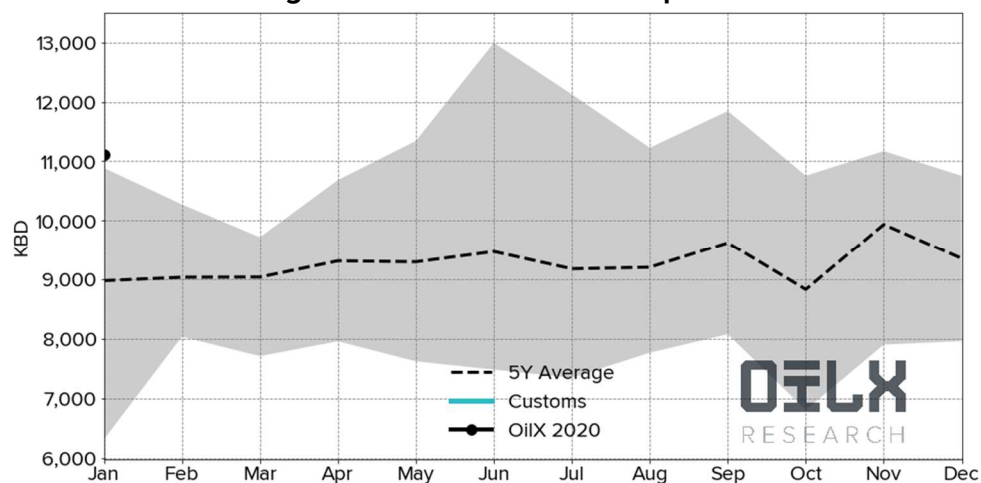
**Figure 2 - China crude imports yearly growth**



Source: OilX Research

As we anticipated last month, imports in January have rebounded substantially after the new 2021 import quotas kicked in, furthermore the level of loadings heading towards China remains at high levels suggesting that demand will continue to be resilient (**Figure 4**). Media reports suggest a high amount of VLCCs pointing at China<sup>1</sup>

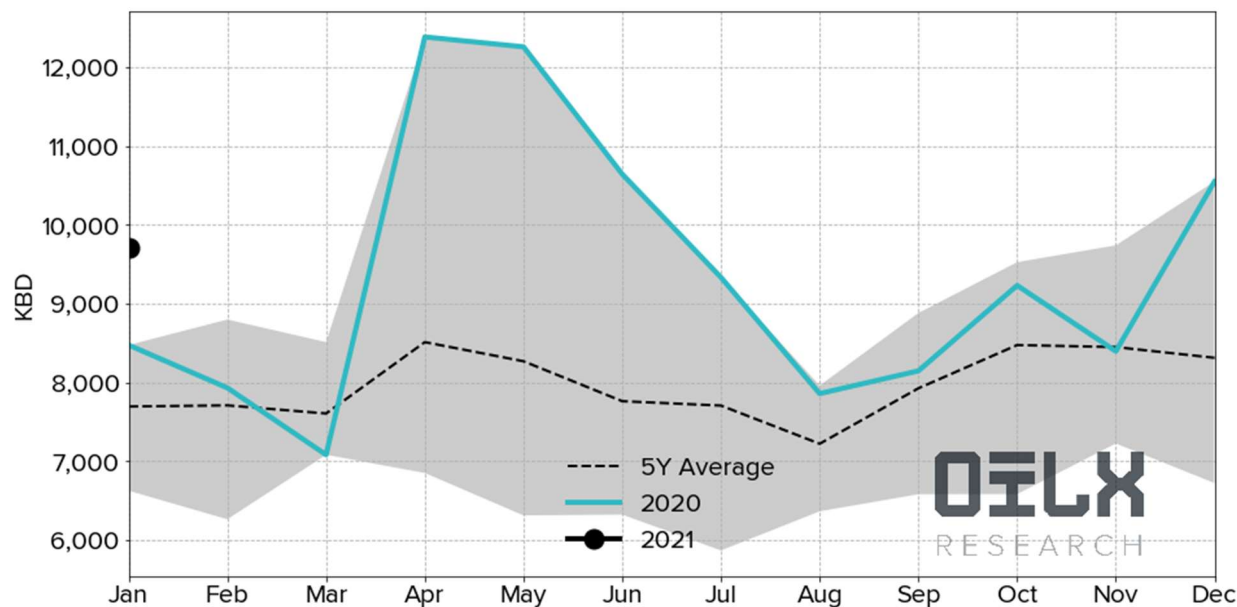
**Figure 3 - China total crude imports**



Source: OilX Research

<sup>1</sup> Bloomberg (2021). A Huge Number of Oil Supertankers Are Pointing at China's Ports  
<https://www.bnnbloomberg.ca/a-huge-number-of-oil-supertankers-are-pointing-at-china-s-ports-1.1559714>

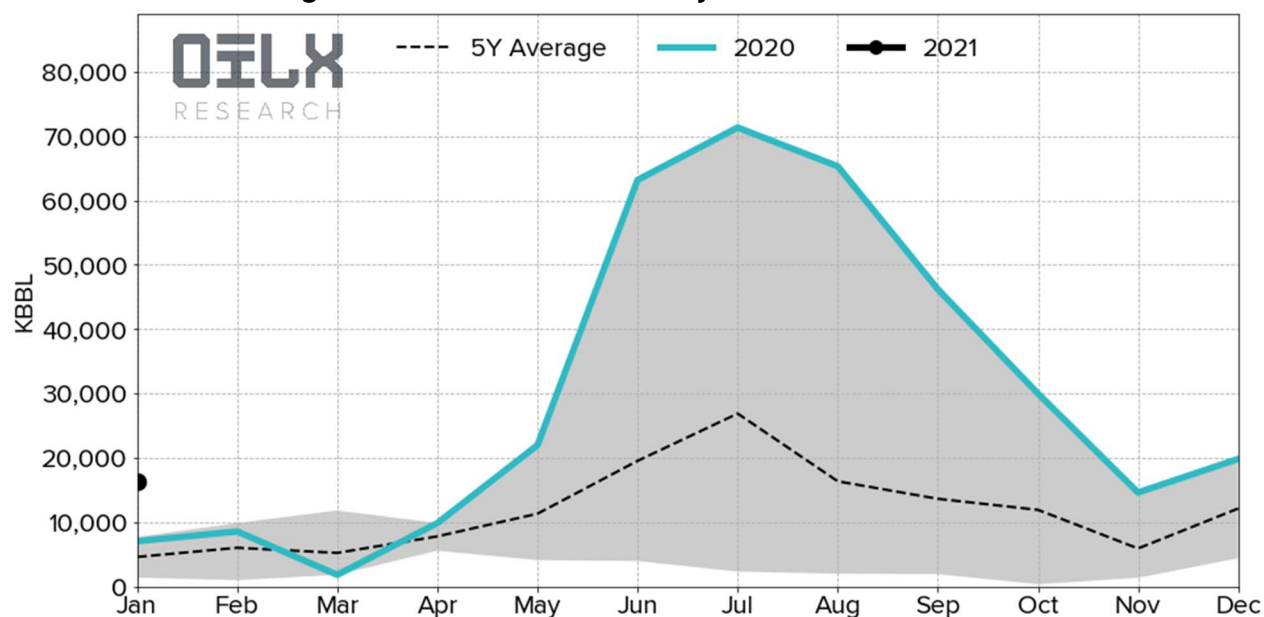
**Figure 4 – Total exports heading towards China**



Source: OilX Research

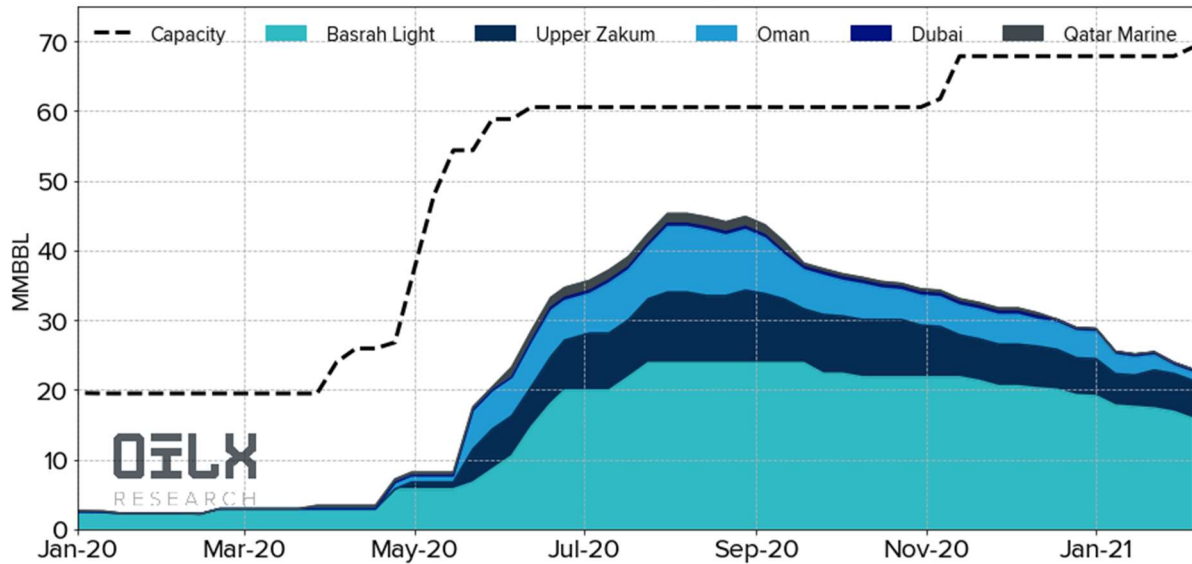
Higher prices and market structure in backwardation also contribute to the normalisation of storage levels. Floating storage is now back at historical values (**Figure 5**). Similarly, INE designated storage is now more than **22 mmbbl** below the August high (**Figures 6 and 7**).

**Figure 5 – Crude oil in stationary vessels in China**



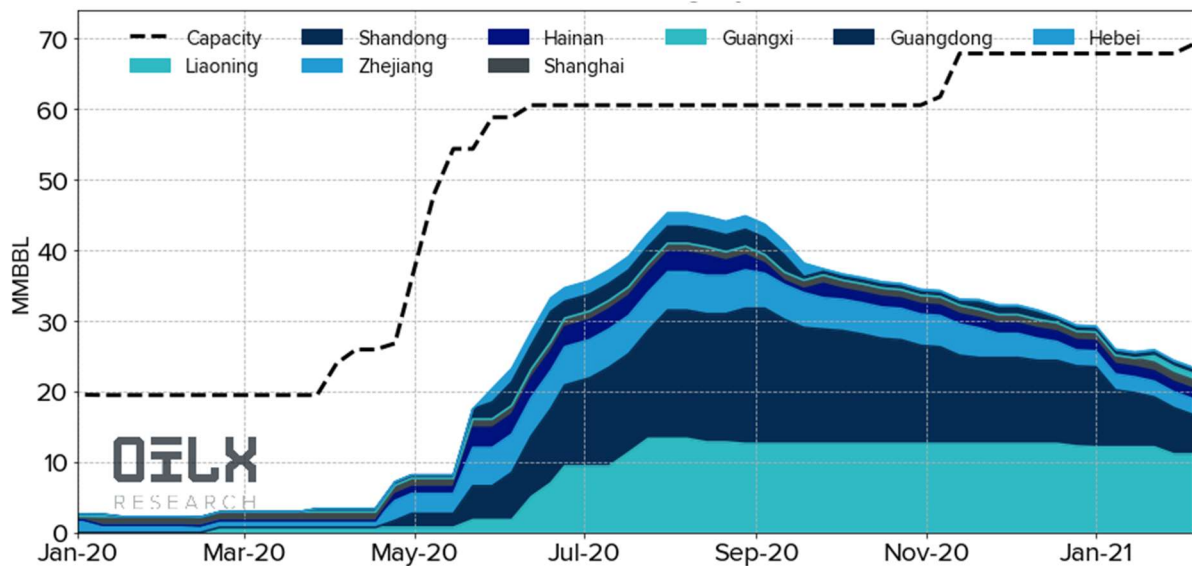
Source: OilX Research

**Figure 6 – INE futures crude storage by grade**



Source: INE, OilX Research

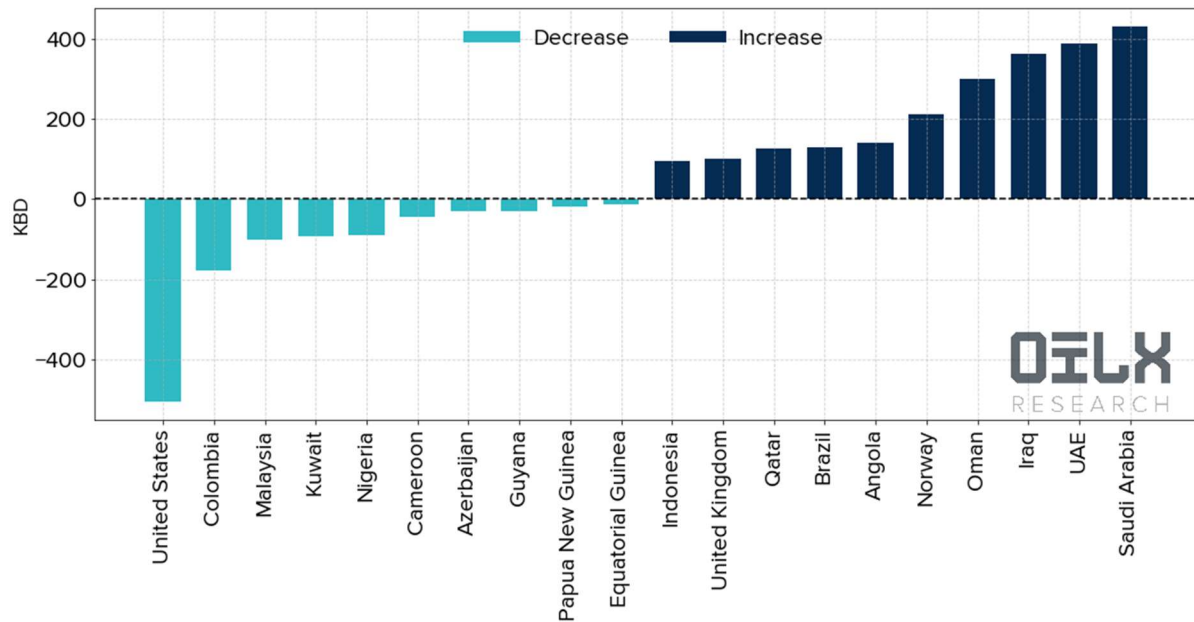
**Figure 7 – INE futures crude storage by province**



Source: INE, OilX Research

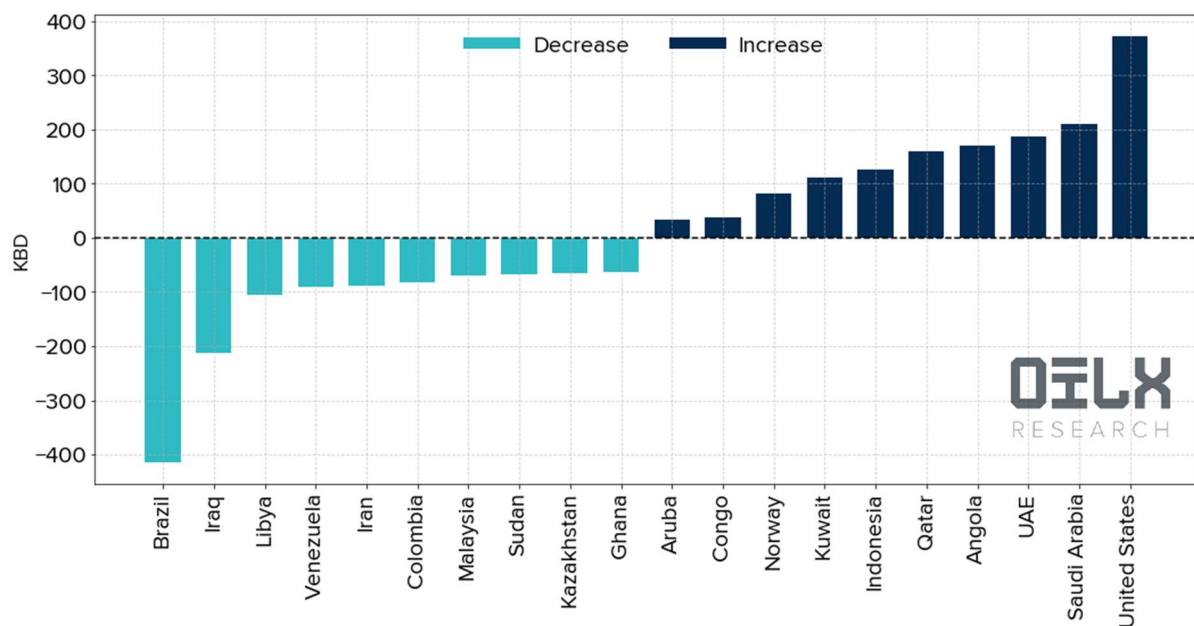
The import breakdown by country shows flows from Saudi Arabia increasing by over 400 KBD MoM (**Figure 8**). On a yearly basis, the largest rise comes from US grew the most with an increase of more than 300 KBD.

**Figure 8 – China crude imports, countries with the largest monthly changes**



Source: OilX Research

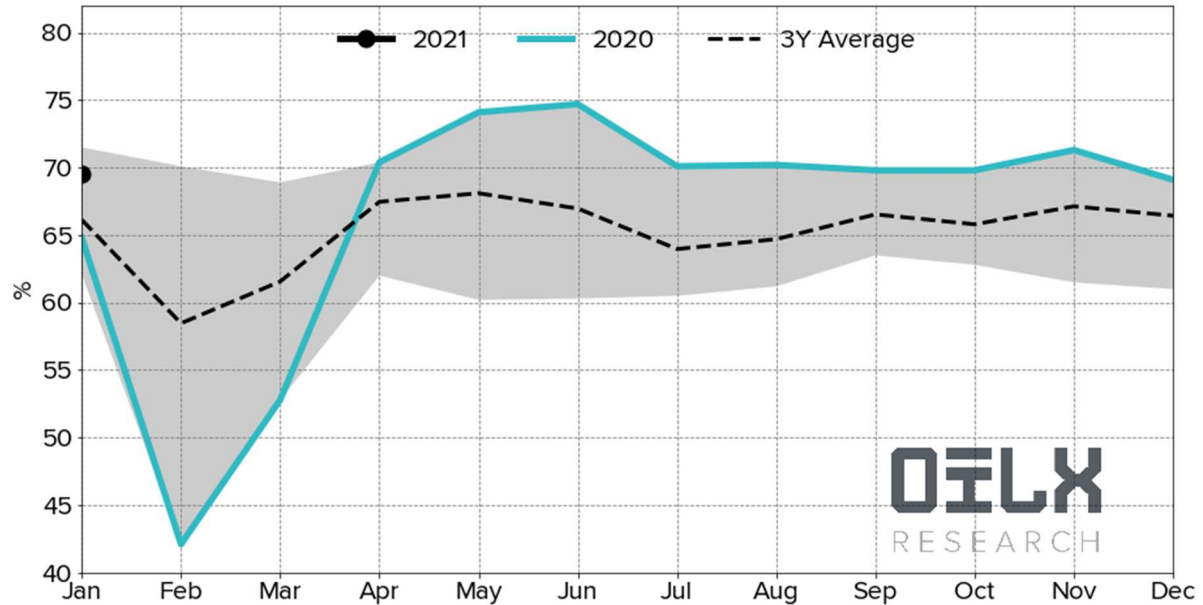
**Figure 9 – China crude imports, countries with the largest yearly changes**



Source: OilX Research

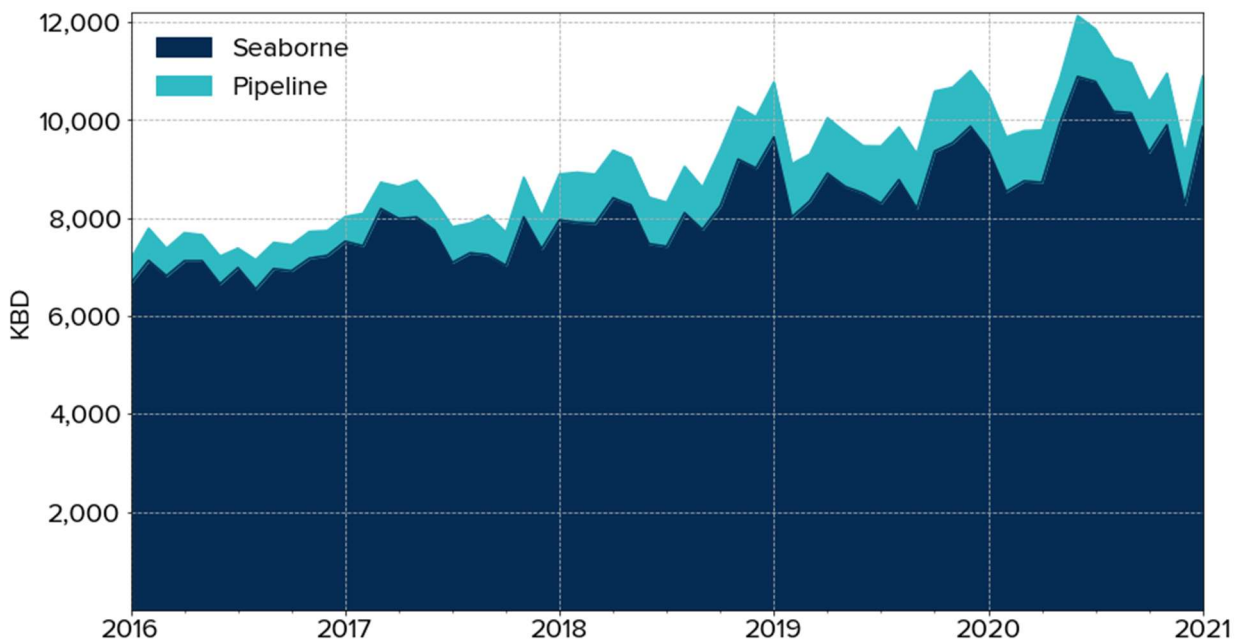
Refining utilization rate for independent refiners increased from 69.1% to 69.5%, but remarkably the overall national throughput has remained above 14 mmbbl/d for eight consecutive months (Figure 10).

**Figure 10 – China independent refineries utilization rate**



Source: OilChem, OilX Research

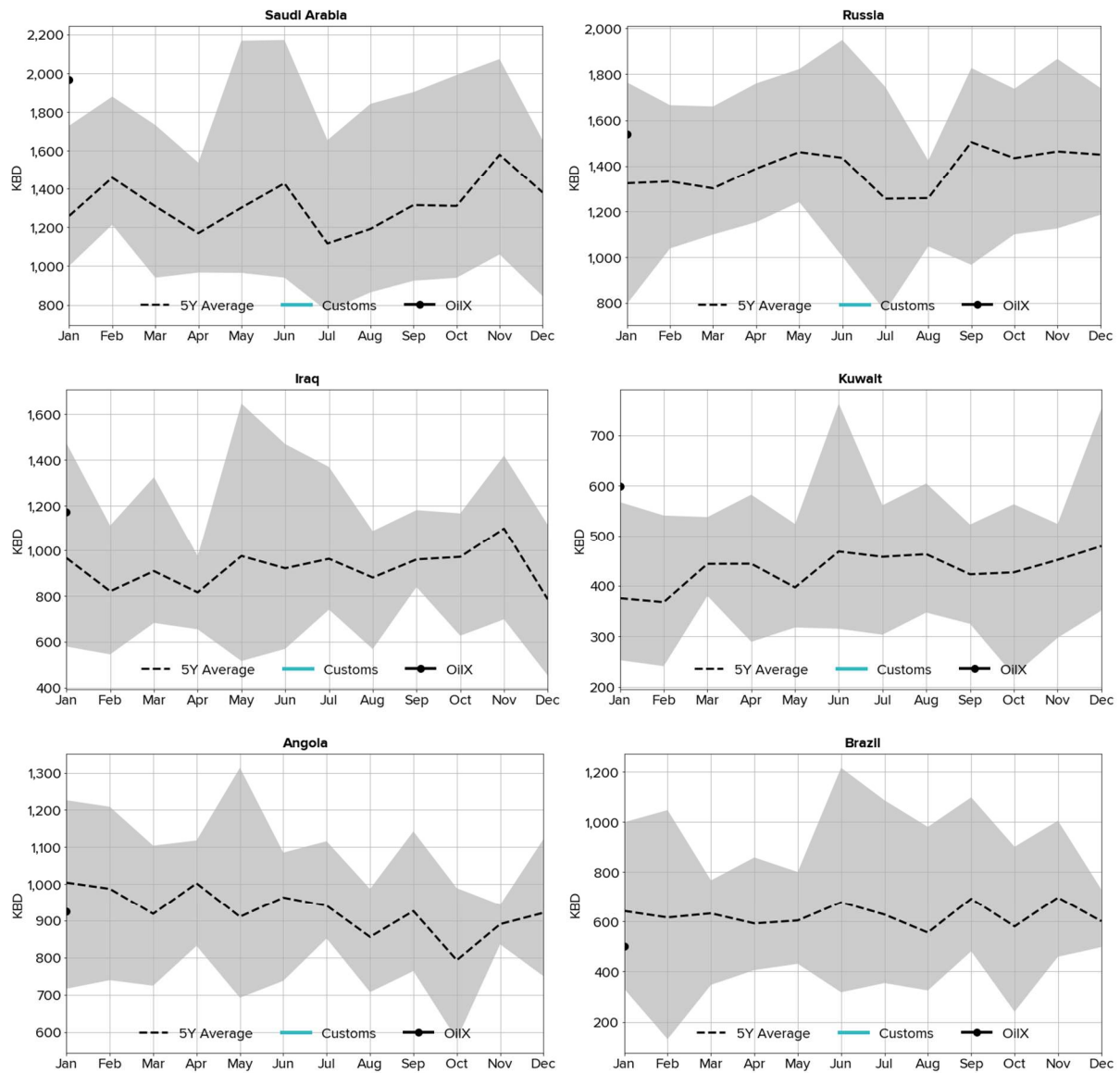
**Figure 11 – China imports by mode of transport**

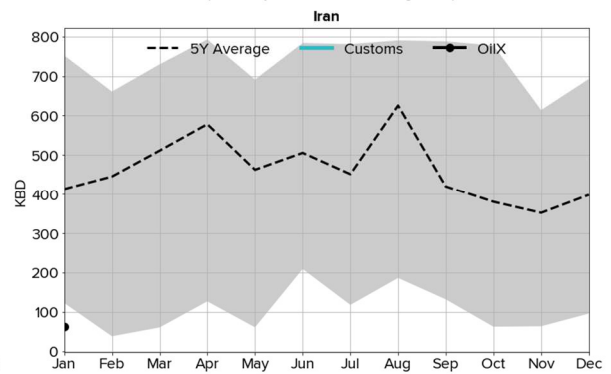
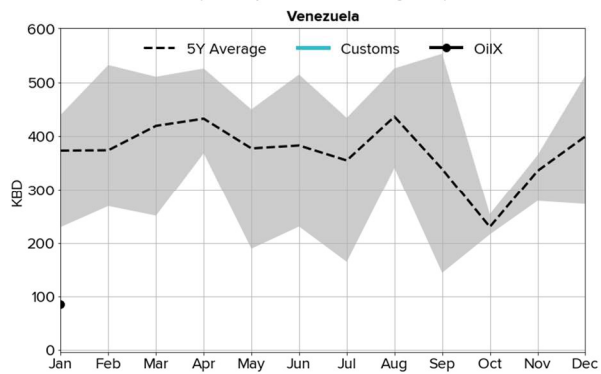
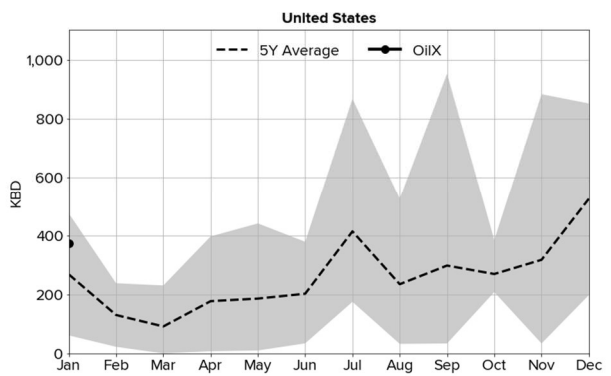
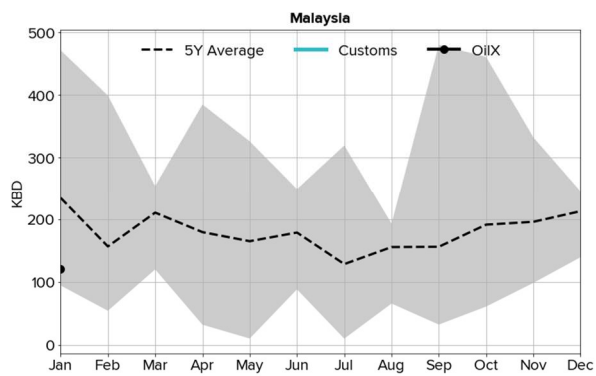
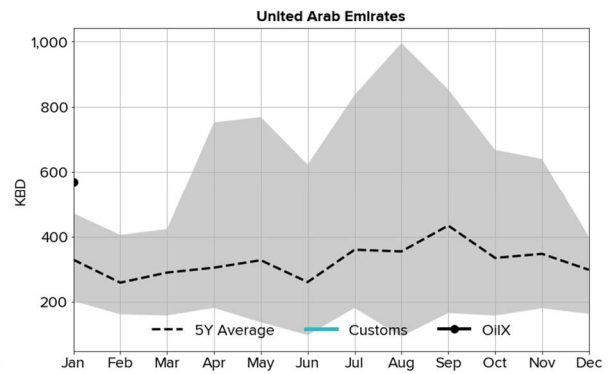
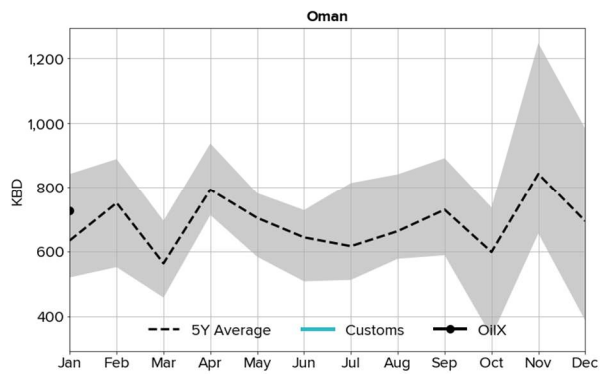


Source: OilX Research



**Figure 12 - China total crude imports by country**









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