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UAE, Iraq regain share in India's oil basket

MANISH GUPTA
New Delhi, August 11

THE UNITED ARAB Emirates and Iraq have started regaining their share in India's oil import basket as the world's largest oil exporters Saudi Arabia and Russia plan to keep their production low to boost the prices. Russia, however, still holds 42% of the overall share.

While the UAE increased its oil exports to India by 76% to 290,000 bpd in July from 165,000 barrels per day (bpd) in June, Iraq raised its share by 62,000 bpd to 891,000 bpd in July, according to energy cargo tracker Vortexa.

Saudi Arabia, which extended its voluntary output cut by one million bpd for another month to include August, saw a significant decline of 33% in its export to India to 484,000 bpd in July.

"The changes in import volumes are market-driven. India's imports of Saudi crude will likely remain subdued for some time, with the extension of Saudi's production cuts," said Serena Huang, Vortexa's head of APAC analysis.

Russia's share in Indian oil import basket is likely to have peaked in July with a 5% rise sequentially as it has also announced cut of 500,000 bpd in exports in August.

"Due to the cuts by Russia, volumes are expected to decline. So, the retention of 42% share looks difficult owing to lower production from August 1. In case the discounts decline, the volumes would also fall," said Prashant Vasisht, vice president and co-head of corporate ratings at ICRA.

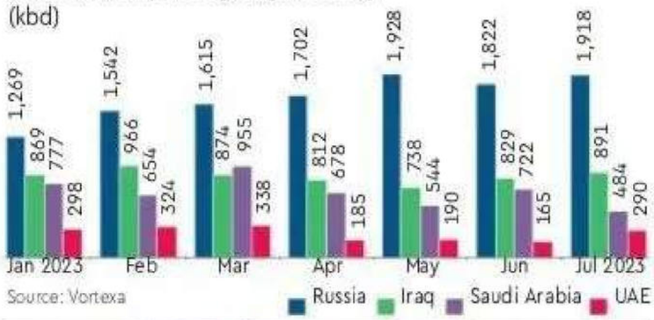
While the Saudi-led Organisation of the Petroleum Exporting Countries (Opec) and an alliance of oil producers headed by Russia, known as Opec+, decided to cut oil production in June, both UAE and Iraq have reportedly increased their outputs.

The UAE got its production quota revised upward by 200,000 bpd in 2024 to 3.2 million barrels. Iraq and some other countries like Iran and Angola have raised their production offsetting some of the Saudi reduction.

"Coupled with lower supplies from Russia, Indian refiners are turning to other crude exporters to supplement their feedstock, which explains the uptick in imports from Iraq and UAE, which we expect to continue in the short to mid-term," Huang said.

OIL TURMOIL

India crude imports by origin country (kbd)



Govt loads up on Russian dirty fuel with crude supply cuts

PREJULA PREM
August 11

THE GOVERNMENT IS poised to buy the most amount of dirty fuels from Russia in years, as a slump in crude flows from the key producer and looming refinery maintenance threaten supplies.

August imports of sludgy products from Russia should double from last month to about 269,000 barrels a day, initial data compiled by Bloomberg from analytics firm Kpler show. That would be the most since at least early 2017.

The flows mostly include high-sulfur fuel oil and vacuum gasoil, which can be used in secondary refining units to improve yields of higher-value products like diesel and gasoline. Fuel oil is also used in shipping and power generation.

Smaller imports of Russian crude in the wake of Moscow's output cuts means India has less to refine into dirty products — prompting it to ship in more of the feedstocks from Russia. Upcoming maintenance at Indian refineries may also impact its sludgy fuels production, another reason why it's importing more now.

"It appears that there's a strong build-up of Russian fuel oils exports to India," said Andon Pavlov, lead analyst for refining and dirty products at Kpler. "This might have to do with the upcoming refinery maintenance in India, set to put a lid on total primary processing capacity over September-October."

A drop in primary refinery unit utilization may limit the production of residual fuels like vacuum gasoil and fuel oil among other products. India's complex refiners can still use these dirty fuels in their secondary units to be upgraded to clean products like diesel and gasoline. —BLOOMBERG

Global oil demand has hit a record, prices may climb: IEA

CONSTRICTING SUPPLIES. Saudi-led supply cuts pose a 'risk of driving prices higher'

Bloomberg

Global oil demand has surged to a record amid robust consumption in China and elsewhere, threatening to push prices higher, the International Energy Agency said.

World fuel use averaged 103 million barrels a day for the first time in June and may soar even higher in August, the agency said in a report. As Saudi Arabia and its partners constrict supplies, oil markets are tightening significantly.

"Oil demand is scaling record highs, boosted by strong summer air travel, increased oil use in power generation and surging Chinese petrochemical activity," the IEA said. "Crude and product inventories have drawn sharply" and "balances are set to tighten further into the autumn."

Oil this week touched a six-month high above $88 a barrel in London amid the post-pandemic resurgence in fuel use and supply restraint by the Saudi-led OPEC+ alliance. Brent futures eased back a little to trade below $87 on Friday.

SOARING DEMAND. Global fuel use averaged 103-m barrels a day for the first time in June and may soar even higher in August

The plunge in world oil demand during the Covid-19 crisis three years ago spurred speculation that consumption may be close to a peak as remote working gained in popularity and governments sought to shift away from fossil fuels to avert catastrophic climate change.

But the IEA data shows that, despite growing evidence of a warming planet shown by heat waves and wildfires in the Northern Hemisphere, oil use is stronger than ever. China will account for 70 per cent of this year's demand growth, but surprisingly resilient developed nations added to the latest surge.

ENERGY SHIFT

The energy transition looks set to have an impact next year, when global demand growth will roughly halve to 1 million barrels a day due to improved vehicle efficiency and the adoption of electric cars, the IEA said.

But in the meantime, world markets are tightening, leaving oil inventories in developed nations about 115 million barrels below their five-year average, according to the report. Global stockpiles are set to deplete by a hefty 1.7 million barrels a day in the second half of the year, and preliminary data appears to confirm declines in July and August, the IEA said.

Major consuming nations have criticised the Saudis and their allies in OPEC+ for constricting supplies, warning that a renewed inflationary spike would squeeze consumers and endanger the global recovery. Nonetheless, Riyadh has said it could deepen current cutbacks if necessary.

Output from the Organisation of Petroleum Exporting Countries and its partners plunged last month to near a two-year low as the Saudis implemented a unilateral cut of 1 million barrels a day. Russia, a fellow member of the coalition, is also reducing exports.

"If the bloc's current targets are maintained, oil inventories could draw" significantly, the agency warned, "with a risk of driving prices still higher."

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India, China account for 80% of Russia's oil exports

Rishi Ranjan Kala
New Delhi

For the third straight month, India and China, the world's top fossil fuel consumers, collectively accounted for 80 per cent of Russia's total crude oil exports in July this year, the International Energy Agency (IEA) said on Friday.

Russian oil exports held steady at around 7.3 million barrels per day (mb/d) in July, as a 2,00,000 barrels per day (b/d) decline in crude oil loadings was offset by higher product flows.

"Crude exports to China and India eased m-o-m but accounted for 80 per cent of Russian shipments. Higher oil prices, combined with narrowing discounts for Russian grades, pushed estimated export revenues up $2.5 billion to $15.3 billion, $4.1 billion below year-ago levels," IEA said in its oil market report for August. Trade sources said that Russia accounts for around 44-45 per cent of India's total crude oil imports, while it constitutes more than 20 per cent of China's cumulative in-bound shipments.

> Higher oil prices, with narrowing discounts for Russian grades, pushed estimated export revenues up $2.5-b to $15.3-b

"North Sea Dated rose by $10/bbl over the month to around $85/bbl, its highest since April. With output cuts hitting the heavy sour crude market hard, Dubai crude is trading at a rare premium to Brent, while the price of Urals crude has breached the G7-led price cap now making all Russian oil exports ineligible for G7 and EU maritime services," IEA report pointed out.

ECONOMIC TIMES, Delhi, 12.8.2023
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Motown Inc may Get ₹50,000cr Fuel to Drive Green Technology

Shally Seth Mohile & Ashutosh Shyam

Greener Drive

Govt likely to allocate up to ₹50,000 cr for promoting green technologies across various segments of auto sector

This outlay could either be used for launch of FAME III scheme, or incentivising green technologies at manufacturers' end or for vehicle buyers

Meanwhile, another ₹25,938 cr PLI scheme aims to boost domestic manufacturing of advanced automotive technology products and attract investments

If proposed outlay mentioned in draft note gets approved, it would be a five-time jump from **₹10,000 cr** assigned for ongoing second edition

Mumbai: The government is likely to allocate up to ₹50,000 crore for promoting green technologies across various segments of the automobile sector, said people aware of a preliminary draft note prepared by the Ministry of Heavy Industries (MHI).

This outlay could either be used for the launch the third phase of the FAME (Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India) scheme, or incentivising green technologies at the manufacturers' end or for the vehicle buyers.

"Automakers have made representations and there are consultations underway with them and other stakeholders. We have yet to firm up anything. All options are on the table. FAME-II will come to an end only in March 2024. There's no hurry. Given that FAME has been running for almost a decade now, we need to deliberate on whether it's required in the first place," said a senior government official.

In its present form, the objective of the FAME programme is to make EV purchase more affordable for the buyers through subsidies. Meanwhile, another ₹25,938 crore production-linked incentive scheme aims to boost domestic manufacturing of advanced automotive technology products and attract investments in the automotive manufacturing value chain.

The government launched the FAME subsidy scheme in 2015. If the proposed outlay mentioned in the draft note gets approved, it would be a five-time jump from the ₹10,000 crore assigned for the ongoing second edition.

Confirming the planned outlay, an official at the MHI said: "Presently, this is a concept note. It will go to the cabinet secretary and then be discussed at the PMO (Prime Minister's Office). The next step will follow once it gets approval."

If the proposal is approved, two-wheelers are likely to get 42-45% of the total allocation, followed by 25-30% for buses, 8-10% for trucks, and the balance for other vehicles. It would have a portion of funds allocated to new technologies. It would also cover charging infrastructure.

The government has begun working on the third phase of FAME which is likely to cover hydrogen-powered vehicles, offer additional support for electric three-wheelers and a curtailed share for two-wheelers, ET reported in its July 21 edition.

The union government has disbursed ₹4,267 crore on sales of 872,920 units of EVs under the FAME-II scheme, data from the MHI show. Out of the 872,000 units that received incentives, about 775,000 were two-wheelers, followed by three wheelers (87,570) and four-wheelers (9,597).

MORNING STANDARD, Delhi, 12.8.2023

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SO MUCH BETTER IF OIL IS WELL

RANJAN TANDON

Senior markets specialist and author

EVOLVING events in the global oil market have been attracting attention similar to a celluloid star's much-awaited performance. Will the new 'release' be a hit or bomb? Production cuts, shifting alliances, high-voltage policy decisions and choosing Vienna (famously host to never-ending spy games) for closed-door meetings while keeping the fourth estate oblivious to the happenings within have all been tried and tested!

With overt dependence on oil income to facilitate economic goals, OPEC+ members feel the pinch. Regardless of their geographical presence, almost the entire oil-producing fraternity has reported much lower revenues in the second quarter of this year with declining oil prices. Yet it would be prudent not to compare 2022 numbers as it was a year of "delinquent exuberance"—courtesy Ukraine war. A higher share of US crude landing in global markets kept the rising prices reined in consequent to production cuts at OPEC+ sources.

With a protracted stalemate on the Iraq-Turkey pipeline, production outages in Nigeria and Libya, the escalating geopolitical unrest in Africa, and suspected reduced drilling activity at ageing refineries in the US, a global supply crunch is imminent.

Continued sanctions on the Kremlin have taken a toll on the smooth conveyance of oil supplies. The European Union is critical of re-routed Russian finished oil products finding their way into its territory. Interestingly, some members continue to patronise Russian oil at domestic production facilities.

With 65% of its oil imports from Russia, Hungary has sought another one-year extension of an exemption from EU sanctions, thereby allowing Budapest to continue to export products refined from the Russian Urals at MOL Hungarian Oil & Gas-owned Danube refinery. Slovakia's Slovnaft refinery, a subsidiary of MOL, meets 95% of the Central European country's oil requirement from imports of Russian crude. Bulgaria successfully obtained exemption from Brussels for Russian oil imports that land at its sole refinery, Neftochim Burgas, owned by Lukoil, Russia's second-largest oil producer. Under a special understanding the EU allowed Sofia to export diesel products converted from Russian crude to Ukraine!

With Russian Gas out of the ambit of sanctions, Austria continues its high dependence on imports from Gazprom, with no signs of a reduction in supply dependence. Such 'arrangements' seldom provide lasting redemption from 'energy pains'.

High diplomacy and parleys are the way forward to defuse confrontation. Talks at Copenhagen earlier in June were inconclusive. The highly ambitious plans of Ukraine failed to convince European members. A graded increase in sanctions on Russia is something the Western bloc is reluctant to concede. A lot is at play in international diplomacy which will determine the fate of oil prices.

AP

> With a protracted stalemate on the Iraq-Turkey pipeline, production outages in Nigeria and Libya ... and suspected reduced drilling activity at ageing refineries in the US, a global supply crunch is imminent

India's neutral deportment to sanctions on Moscow is evident as imports of Russian oil touched new highs in June. With Indian Oil's stakeholding in a subsidiary of Rosneft (Russia's State oil company), the appointment of an Indian director on the board of Rosneft in June this year shall facilitate stable and long-term trade understanding.

India is not unique in forging such corporate ties; the endorsers of sanctions have fostered closer relationships. Former Austrian Chancellor W Schuessel was on the board of Lukoil until last year. Karin Kneissl, Austria's former Minister of Foreign Affairs, critical of the EU, well conversant in Arabic and an expert on the energy market and the Middle East, created quite a flutter when she waltzed with President Vladimir Putin while he attended her wedding in August 2018. She later was a member of the board at Rosneft until 2022. Set to head GORKI (Geopolitical Observatory for Russia's Key Issues, a think tank established as part of St Petersburg State University), she would focus on West Asia studies and energy issues.

Saudi Arabia, keen to debut on the stage of world diplomacy, hosted the recent meet at Jeddah, initiating negotiations in the Russia-Ukraine conflict and brokering peace. This was Ukraine's opportunity to 'galvanise' the Global South. Among the invitees, India plays a strategic role as the third-largest consumer and a fast-developing economy. New Delhi's approach to the conflict has been 'inclusive', advocating dialogue and diplomacy. China remains the single-largest consumer of oil from Russia and Saudi Arabia as of last quarter. Earlier in the year, China facilitated the easing of a seven-year diplomatic impasse between Iran and Saudi Arabia. Beijing's attendance at Jeddah is viewed as a game-changer as Moscow hints at seeking other BRICS members' opinions, invoking optimism.

Saudi has expressed its intentions to continue with production cuts through September as Russia has indicated a reduction in oil exports. Brent crude currently trades at \$86, the highest since April. Earlier this year, this column considered \$75 to support a rebound surge eventuality. With a predicted all-time high demand, major financial analysts have upped their price estimates despite recessionary fears in China. A prominent multinational investment banking company has pegged it at \$93 for mid-2024, which could happen much earlier.

The US Strategic Petroleum Reserve (SPR) is at a 40-year low. A replenishment is not too far in the future; when that happens, the prices are bound to kiss north. The declining North Sea output could exacerbate supply pains.

Wars never benefit anyone except the bullets that find targets. Combined initiatives for bringing peace in the Ukraine war would stabilise the energy market, especially with the green transition unfolding. The weaponisation of oil would be counterproductive. Broader interests need to accord precedence. Only then shall we usher in peace and fuel stability.

"The disunited mind is far from wise;
How can it meditate? How can we be at peace?
When you know no peace, how can you know joy?"—*Bhagavad Gita*

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ONGC consolidated net profit jumps 102% to ₹17,383 crore in Apr-Jun qtr

FPJ BUREAU / Mumbai

Oil and Natural Gas Corporation Limited (ONGC) on Firday reported an increase of 102 percent in consolidated net profit for the first quarter of the financial year 2023-24. Net profit of the company came in at Rs 17,383 crore in Q1, compared to Rs 8,581 crore in the year-ago period.

Revenue from operations declined 10 percent to Rs 1.63 lakh crore in the June quarter, as against Rs 1.82 lakh crore in the same period last year, ONGC said in an exchange filing.

"The reduction in ONGC's production output in Q1 FY 2023-24 was due to: a. Shutdown in Panna-Mukta offshore platforms for commissioning of new crude oil pipeline to modernise its evacuation facilities, post taking over from JV Partners. b. Cyclone Biparjoy (June 2023) disrupted offshore and onshore production. c. Crude oil wells in southern India had to be stopped as a refinery there stopped receiving oil, following a leakage in their pipeline," the company said. ONGC said current output decline was temporary and it would be compensated in the upcoming quarters.

In the first quarter of FY24, ONGC declared total four discoveries (1 in onland and 3 in offshore) in its operated acreages.

NAVBHARAT TIMES, Delhi, 12.8.2023
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IGL ने शुरू की वॉट्सऐप चैटबॉट सर्विस

विस, नई दिल्ली: आईजीएल ने अपने पीएनजी उपभोक्ताओं के लिए वॉट्सऐप चैटबॉट सुविधा शुरू कर दी है। आईजीएल के अनुसार, अभी तक लोग ऐप या वेबसाइट के जरिए ही पीएनजी की जानकारी लेते थे। इसमें कई बार जवाब देने में देरी हो रही थी। अब AI की मदद से इस सर्विस को आसान कर दिया गया है। पीएनजी के कंस्यूमर्स को अपने फोन में चैटबॉट नंबर 9319850156 सेव करना होगा। वॉट्सऐप में Hi का मेसेज भेजने के तुरंत बाद सर्विसेज के मेसेज मिलेंगे। इसके जरिए वे वट्सऐप पर अपने सवालों के जवाब पा सकेंगे।