गेल GAIL

BUSINESS LINE, Delhi, 18.11.2023
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Crude oil perks up on supply, demand concerns

Reuters
London

Crude oil prices edged higher on Friday, a day after sinking five per cent to a four month-low on growing worries about burgeoning non-OPEC supply and cooling demand.

Brent futures rose 80 cents to $78.22 a barrel at 1057 GMT. US West Texas Intermediate crude (WTI) was at $73.66, up 76 cents.

Both benchmarks have lost around a sixth of their value over the last four weeks, and prices are on track for their fourth straight week of losses.

"Oil prices are down slightly this year despite demand exceeding our optimistic expectations," Goldman Sachs analysts said in a note.

"Non-core OPEC supply has been much stronger than expected, partly offset by OPEC cuts."

Oil's decline this week was mainly triggered by a steep rise in US crude inventories and production sustaining at record levels, while signs of thawing demand in China also triggered concerns.

But the precipitous drop on Thursday had some analysts questioning whether the sell-off was overdone, particularly in light of escalating tensions in the Middle East .

With Brent below $80 a barrel, a barrage of analysts now expect OPEC+, principally Saudi Arabia and Russia, to extend their voluntary cuts into 2024.

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Rising power demand pushes up natural gas use

LOOKING UP. Gas consumption marked its 9th consecutive month of growth with a 24% y-o-y increase, as per GECF

Rishi Ranjan Kala
New Delhi

India's rising electricity consumption aided by growing industrial and commercial activity as well as appreciating household usage, which forced the government to restart gas-based power plants, has led to higher consumption of natural gas.

Power consumption, which witnessed an all-time high peak demand of 241 GW on September 1, has grown by more than 20 per cent during August, September and October 2023.

According to the Gas Exporting Countries Forum (GECF), gas consumption marked its ninth consecutive month of growth with a 24 per cent y-o-y increase, reaching 5.8 billion cubic meters (BCM) in September 2023.

It was primarily driven by power generation and refinery sectors, which registered a growth of 34 per cent and 78 per cent y-o-y respectively, it added.

"The rise coincided with the start of the festive season, typically associated with higher power demand and a surge in industrial activities following the end of the monsoon season. Notably, the Indian authorities extended the operational duration of gas-based utilities at maximum capacity to meet the rising electricity demand," it said in its latest report.

Gas-based power generation in India H1 FY24

Month/year	Tentative generation (MU)	y-o-y growth (%)	Plant load factor (%)
Sep-23	2,906.82	34	16.8
Aug-23	3,557.72	84	19.9
Jul-23	2,225.13	12	12.4
Jun-23	3,088.79	15	18.0
May-23	2,818.90	15	15.9
Apr-23	2,431.54	32	14.2

Gas consumed/ supplied (Million Standard Cubic Metres Per Day)

Month/ year	APM/Non-APM/ PMT	KGD-6 auctioned domestic gas	RLNG (Long term)	RLNG (Spot)
Sep-23	11.81	0.35	5.31	4.14
Aug-23	11.75	0.46	6.54	7.52
Jul-23	10.21	0.00	5.12	2.09
Jun-23	10.79	0.32	7.67	5.03
May-23	12.12	0.19	3.94	4.95
Apr-23	12.05	0.17	2.33	3.96

APM: Administered Price Mechanism PMT: Panna-Mukta and Tapti fields
RLNG: Regasified Liquefied Natural Gas KGD-6: Krishna Godavari Dhirubhai 6
Source: Central Electricity Authority (CEA), Gas Exporting Countries Forum (GECF)

Running gas-based power plants added to the consumption of the commodity during the first half of the current financial year.

HIGHER USAGE

The GECF in its March 2023 report said, "Due to the recent heatwave in India, which boosted cooling demand in the country, it is forecasted that the share of natural gas in the electricity mix will grow in the coming months. This is due to the Power Ministry's introduction of an emergency rule to address an anticipated shortfall in electricity output during peak power demand in May and June. The directive mandates that gas-fired power plants operate at full capacity during this period."

STOCKING UP. The government has directed gas-based power plants to continue operations till March 2024 in anticipation of higher demand for electricity

The government directed NTPC to run 5,000 MW gas-based capacity for May-June 2023, while its subsidiary NTPC Vidyut Vyapar Nigam procured 4,000 MW gas power from other state-run plants.

The government has directed gas-based power plants to continue operations till March 2024 in anticipation of higher demand for electricity. Around 7-8 GW of gas-based capacity is operational.

This also reflects in the Petroleum Planning and Analysis Cell (PPAC) data. India's total natural gas consumption stood at 32.6 BCM in H1 FY24, of which the power sector accounted for 15 per cent of the total share and refineries 8 per cent.

In contrast, during H1 FY22, the total consumption was 30.6 BCM, of which power's share was 14 per cent and refineries 8 per cent.

GAS PRICES

Gas and LNG spot prices in Europe and Asia increased for the third consecutive month in October 2023. Spot prices experienced greater volatility and were influenced by higher geopolitical risks in the Middle East and resurgence of potential strikes at Australian LNG facilities.

The average TTF spot price stood at $13.4 per mBtu, reflecting a substantial 17 per cent m-o-m increase. Besides, average NEA spot LNG price experienced a 17 per cent m-o-m increase, reaching $15.3 per mBtu. Looking ahead to the upcoming winter season, it is expected that spot prices will receive support from the anticipated increased demand for heating.

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Gandhar Oil Refinery IPO price band fixed at ₹160-₹169

Gandhar Oil Refinery (India) Ltd., which provides white oil to Unilever and P&G to name a few, said its ₹500-crore Initial Public Offering (IPO) will open on November 22 in the price band of ₹160 to ₹169 per equity share. The offer will close on November 24. The IPO comprises a fresh issue aggregating up to ₹302 crore and an Offer for Sale of up to ₹298 crore. The firm proposes to utilise proceeds of the fresh issue for investment in its UAE unit, capex and working capital needs.

HINDU, Delhi, 18.11.2023
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ALL plans to offer whole range of alternative fuel vehicles by 2025

N. Anand
CHENNAI

Ashok Leyland Ltd. (ALL) is planning to have a whole suite of alternative fuel vehicles ready within the next 18 to 24 months, said Executive Chairman Dheeraj Hinduja.

"As a company, we want to be sure that we have available all the products with different fuel options that the customer might want," he said during an interaction.

"Since we have developed the modular platform and introduced it in 2020, it is a simple and much easier task for us to align the vehicles with new or alternative fuels," Mr. Hinduja observed.


Dheeraj G. Hinduja

Going forward, Ashok Leyland's portfolio would consist of CNG, LNG, hydrogen fuel cell or ice engines, electric and hybrid versions.

ALL had recently commenced the delivery of a batch of 12 of India's first LNG-powered haulage trucks to Mahanagar Gas in Hosur and 10 hydrogen fuel cell buses to NTPC.

"In the long term, we want to make sure Ashok Leyland is present in all segments of the market. As and when, through the right market studies, we are able to find the right product configuration, we will enter it," Mr. Hinduja emphasised.

"At this point of time, we are seeing substantial growth happening through Dost, Bada Dost, even the Partner range and EVs coming through Switch Mobility as well," he added.

"If we make an investment up to two tonnes, we will make sure that there is commonality of investment between diesel and EV," said Chief Financial Officer Gopal Mahadevan.

"We will always ensure that we have multi-fuel option in these vehicles. Otherwise, designing vehicles for EV becomes complicated," ALL's CFO added.

Focus on exports

ALL currently has an export market share of about 9-10%. The firm has done well in the first half of the fiscal, compared with its peers and hopes to do better in the second half as well, said Mr. Mahadevan.

According to Mr. Hinduja, Ashok Leyland is planning to expand its exports basket by foraying into the Philippines and South African markets and some new products are being introduced in Saudi Arabia and Uganda as well.

INDIAN EXPRESS, Delhi, 18.11.2023
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SECOND EDITION OF VOICE OF GLOBAL SOUTH SUMMIT

India invites countries to join biofuel alliance

PRESS TRUST OF INDIA
NEW DELHI, NOVEMBER 17

INDIA FRIDAY invited countries of the Global South to join the recently launched Global Biofuels Alliance, saying it is willing to share its expertise with developing and less developed nations.

A global alliance for promoting biofuels was launched at the Group of 20 leaders meeting in September with a view to reducing emissions in the transportation and industrial sectors.


Oil Minister Hardeep Singh Puri

The Global Biofuel Alliance, which includes top producers Brazil and the US, will help build the worldwide market for trade in biofuel, which is obtained from biomass.

Speaking at the 2nd Voice of Global South Summit, Oil Minister Hardeep Singh Puri said India achieved the target of mixing 10 per cent ethanol in petrol in May 2022, five months ahead of the deadline, and has advanced the deadline for doping 20 per cent ethanol in petrol by five years to 2025.

Turning biomass into fuel helped the world's third largest energy consumer provide an additional source of income for farmers as well as cut emissions.

"The Global Biofuels Alliance is a multi-stakeholder alliance of governments, international organisations and industries which is intended to expedite global uptake of biofuels. The alliance presently has 22 member countries and 12 international organisations and is continuously expanding. I invite countries of the Global South, those who have already not joined the GBA, to join us where we can collaborate further towards a cleaner and greener future," Puri said.

Three tankers recently sanctioned by US regularly supplied Russian oil to India

FLORENCE TAN, MUYU XU & NIDHI VERMA
SINGAPORE, NEW DELHI, NOVEMBER 17

THREE OIL tankers, newly sanctioned by Washington, regularly shipped Sokol crude from Russia's Far East to Indian Oil Corp, the country's top refiner, in recent months, according to shiptracking data from LSEG, Kpler and trade sources.

The US on Thursday imposed sanctions on maritime companies and vessels for shipping Russian oil sold above the Group of Seven's price cap, as Washington seeks to close loopholes in the mechanism designed to punish Moscow for its war in Ukraine.

The Liberian-flagged ships hit with sanctions are the Kazan, Ligovsky Prospect and NS Century, according to the Treasury Department.

All three Aframax-sized tankers discharged Russian Sokol crude in India in September while two of them made the trip in October, the data showed.

In the short-term, sanctions may reduce the number of ships carrying Russian oil and prompt India to seek supplies elsewhere, but they are unlikely to stop the trade altogether due to its lucrative nature, several traders who declined to be named, said.

As long as there are willing buyers, sellers and shippers will always find a way to make the oil flow, one trader said.

One trader also said India may seek supply from the Mediterranean and North Sea to replace Russian Sokol.

NS Century is currently on its way to discharge Sokol crude at Vadinar port in Gujarat for Indian Oil Corp (IOC) on Nov. 25, LSEG and Kpler data showed.

IOC buys Sokol under an annual contract with Russian oil major Rosneft. A spike in global prices led to Russian oil being sold at above the price caps imposed by western nations of $60 a barrel. **REUTERS**

EU to ban sale of tankers to Russia to curb growth of shadow fleet

Brussels: The European Commission is proposing to ban the sale of tankers for crude oil and petroleum products to Russia to prevent Moscow bypassing western sanctions on Russian oil with a shadow fleet of ships, a proposal by the Commission showed.

The proposal, discussed on Friday by ambassadors of EU governments, also says that sales of tankers to a third country should include contractual clauses that ships cannot be resold to Russia or used to carry Russian crude oil or petroleum products that avoid western price caps - in the case of crude oil of $60 per barrel. **REUTERS**

BUSINESS STANDARD, Delhi, 18.11.2023
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Oil sinks into bear mkt, all eyes on Opec+ meet

BLOOMBERG
17 November

Oil headed for a fourth weekly loss after sinking into a bear market, a development that poses a headache for Opec+ leaders set to review production targets later this month.

West Texas Intermediate is on course for a weekly drop of about 5 per cent, even as the benchmark edged higher on Friday. It is down more than 20 per cent from a high in September.

The latest slump has been driven by a myriad of factors. Prices for real-world barrels have been steadily softening over the last few weeks, in part as supply exceeds expectations. Shipments from Guyana and the North Sea are set to rise next month, while US exports have been surging.

Those higher volumes muddy the outlook ahead of a meeting of the Organization of Petroleum Exporting Countries and its allies at the end of next week. Saudi Arabia and Russia — the group's biggest producers — have pledged to keep additional output curbs in place until the end of the year, though Russia's crude exports have risen in recent weeks.

Recent price weakness has been compounded by technical factors. Key market gauges are trading in a bearish contango structure for the first time in months, while some moving averages have also been breached in recent days, exacerbating the selling pressure.

ON SLIPPERY SLOPE

West Texas Intermediate futures ($/barrel)

Source: Bloomberg

"All eyes are now back at Opec+ after the recent fall in oil prices, along with weakening crude curve structures and weakening economic statistics," said Bjarne Schieldrop, chief commodities analyst at SEB AB.

Inventory data from the US earlier in the week pointed to a sharp increase in stockpiles recently, particularly at the key storage hub of Cushing, Oklahoma. Those builds come as refineries undergo seasonal maintenance, reducing their demand for crude. Overseas shipments have also been leaping as US production rises, adding supply to the market.

The International Energy Agency said earlier this week that production growth means the global market won't be as tight as had been expected this quarter.

That's compounding a softness in prices, despite risks associated with the Israel-Hamas war. While many traders bought bullish options when that conflict broke out, they're now paying bigger premiums for bearish ones to protect against the risk of further declines.

Still, some analysts believe the current price weakness won't last for long, with Opec set to defend prices in the coming months.

"We believe that Opec will ensure that Brent oil prices end up in a $80-to-$100 range in 2024 by ensuring a moderate deficit and leveraging its pricing power," Goldman Sachs Group analysts including Daan Struyven said in a note. The latest selloff was driven by non-Opec supply topping expectations, they said.

The demand outlook has also been cloudy. Figures from China, the world's largest importer of crude, show that refiners cut daily processing rates in October as apparent oil demand fell from a month earlier. Meanwhile, US unemployment benefits rose to the highest level in almost two years, signaling a slowdown in the world's biggest crude consumer.

ECONOMIC TIMES, Delhi, 18.11.2023
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MEA to Take Call on Allowing Censured Russian Crude Ships

Our Bureau

New Delhi: The external affairs ministry will have to decide on whether to allow ships carrying Russian crude and recently sanctioned by the US treasury to berth at Indian ports, a government official said.

Three UAE-flagged vessels Kazan, Ligovsky Prospect, and NS Century are said to be ferrying Russian crude to India. These ships are accused by the US government of engaging in the export of Russian crude at above $60 per barrel after the crude price cap was enforced.

The step was in retaliation to Russia's invasion of Ukraine with the Price Cap Coalition (G7 countries, European Union, and Australia) restricting sale of Russian crude. The goal was to limit Russia's oil revenues and curtail its ability to finance the war with Ukraine. However, the rally in global oil prices has led to multiple instances of Russian crude being bought above the price cap. The US sanctions target insurers and shipping companies that engage in the transport of Russian crude oil above the price cap.

Responding to queries from journalists in New Delhi, Shyam Jagannathan, director general of shipping said the existing port rules do not bar entry of these vessels in the country that are headed for Gujarat's Vadinar, a non-major port. This port was taken over by Russian oil giant Rosneft in 2016 when it bought a controlling stake in erstwhile Essar Oil for $12.9 billion.

Domestic ports administered by the Indian government are labelled as major ports; the rest are controlled by state governments and termed as non-major ones.

In focus: Ships carrying Russian crude

US sanctions three vessels | Ships carrying Russian crude

BREACH OF $ 60/BBL PRICE CAP

"The Ministry of External Affairs has to take a call on whether to allow the sanctioned ships in the country," Jagannathan said on the sidelines of a mid-term review meet to prepare for the PM Maritime Amritkaal Vision that aims to make India a global maritime leader by 2047.

Highlighting the progress made under this massive plan outlining an investment of Rs 80 lakh crore to modernise Indian ports by 2047, Union ports, shipping and waterways minister Sarbananda Sonowal said, "We are moving closer towards building Made in India Green Tugs at Cochin Shipyard, opening a new vista of opportunities for export. We have also received encouraging response to set up Green Hydrogen Hubs at Deen Dayal port and VO Chidambaranar ports."

An official statement said 177 projects were completed at major ports in fiscal 2022-23, while 162 projects are at various stages of implementation with an investment exceeding ₹1 lakh crore.

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Gandhar Oil Refinery sets IPO price band at ₹160-169/ share

PTI / New Delhi

Gandhar Oil Refinery (India) Ltd on Friday fixed the price band for its Rs 500.69-crore Initial Public Offering (IPO) at Rs 160-169 per share. The maiden public issue will open for subscription on November 22 and end on November 24, the company said.

The anchor book of the offer will be opened for a day on November 21. Investors can bid for a minimum of 88 equity shares and in multiples of 88 thereafter.

The IPO comprises a fresh issue of equity shares worth Rs 302 crore and an Offer for Sale (OFS) of 1.17 crore by promoters and existing shareholders. Those offering shares in the OFS include promoters -- Ramesh Babulal Parekh, Kailash Parekh and Gulab Parekh -- and other shareholders, Fleet Line Shipping Services LLC, Denver Bldg Mat & Décor TR LLC, and Green Desert Real Estate Brokers.