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Russia cuts seaborne crude flows to 3-mnth low before OPEC+ meet

About 2.7 mn barrels a day of crude was shipped from Russian ports in week to Nov 19, tanker-tracking data monitored by Bloomberg show

MOSCOW: Russia cut back its seaborne crude exports to the lowest since August before a meeting of OPEC+ oil minsters this weekend when compliance with production cuts will be in sharp focus. The move came after shipments surged in October, *Bloomberg* reported.

About 2.7 million barrels a day of crude was shipped from Russian ports in the week to November 19, tanker-tracking data monitored by Bloomberg show. That was down by 580,000 barrels a day from the revised figure for the period to November 12, the biggest week-on-week drop in more than four months.

Moscow said in early August that it would prolong export restrictions at a reduced rate of 300,000 barrels a day below their May-June average level until the end of the year, a policy confirmed earlier this month. If the burden falls entirely on crude, that would imply seaborne shipments of 3.28 million barrels a day.

But Deputy Prime Minister Alexander Novak told Interfax last month that the reduction is spread across both crude and refined products. That complicated assessments of whether Russia was meeting its commitment after the government imposed a temporary fuel export ban in September.

The OPEC+ group of oil producers, jointly led by Russia and Saudi Arabia, will meet in Vienna on November 26 when they will consider how to respond to a weakening oil market outlook

The OPEC+ group of oil producers, jointly led by Russia and Saudi Arabia, will meet in Vienna on November 26 when they will consider how to respond to a weakening oil market outlook, as well as setting output targets for the first half of 2024.

The less volatile four-week average flow fell to 3.23 million barrels a day, down by about 200,000 barrels a day from the revised figure for the period to November 12. That was the lowest in eight weeks, but still about 340,000 barrels a day above shipments in the period to August 20, when Moscow's crude export cuts were at their deepest.

Russia's oil-processing jumped in the week to November 15 to the highest in almost three months as the nation's refiners returned most of their capacity after seasonal maintenance. The Kremlin's weekly revenues from oil export duties fell to the lowest in two months, with the drop in volume partly offset by a higher November duty rate.

From January, Russia's oil producers are set to pay a higher output tax to fund increased downstream subsidies, which were reinstated in October after being halved the previous month. Export duty is set to be abolished at the end of this year as part of Russia's long-running tax reform plans.

Russia's seaborne crude flows in the four weeks to November 19 slipped to 3.23 million barrels a day. That was down from a revised 3.43 million barrels a day in the period to November 12.

Shipments fell to an eight-week low and were about 360,000 barrels a day below the average seen during the surge in volumes between April and June. All figures exclude cargoes identified as Kazakhstan's KEBCO grade. Those are shipments made by KazTransoil JSC that transit Russia for export through Novorossiysk and the Baltic port of Ust-Luga and are not subject to European Union sanctions or a price cap.

The Kazakh barrels are blended with crude of Russian origin to create a uniform export grade. Since Russia's invasion of Ukraine, Kazakhstan has rebranded its cargoes to distinguish them from those shipped by Russian companies.

Observed shipments to Russia's Asian customers, including those showing no final destination, fell to 2.73 million barrels a day in the four weeks to November 19, down from a revised 2.93 million barrels a day in the period to November 12. That's well below a peak of about 3.6 million barrels a day seen in May. About 1.17 million barrels a day of crude was loaded onto tankers heading to China in the four weeks to November 19.

China's seaborne imports are supplemented by about 800,000 barrels a day of crude delivered directly from Russia by pipeline, either directly, or via Kazakhstan.

Flows on ships signaling destinations in India averaged about 1 million barrels a day in the four weeks to November 19.

Both the Chinese and Indian figures will rise as the discharge ports become clear for vessels that are not currently showing final destinations. AGENCIES

ASIAN AGE, Delhi, 22.11.2023
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FALLING CRUDE PRICES TO EASE INFLATION, SAYS FINANCE MINISTRY

New Delhi, Nov. 21: A decline in international crude oil prices will help control India's inflationary pressures going forward, the country's finance ministry said in a report on Tuesday.

India's retail inflation eased in October to a four-month low of 4.87 per cent, edging closer to the central bank's target of 4 per cent.

India's crude oil basket has averaged $83.93 a barrel in November so far, compared with $90.08 a barrel in October, government data shows.

"The decline in international crude oil prices and continued moderation in core inflation are likely to control inflationary pressures going forward," the monthly economic report said.

It said core inflation, which strips out volatile food and energy prices, fell to 4.3 per cent in October from 4.5 per cent in September.

The monthly report said that the Reserve Bank of India, which has kept rates on pause for the fourth consecutive policy meeting, has indicated that any further tightening of monetary policy will only occur "if the situation warrants."

However, food inflation has remained elevated, worrying policy makers, and both finance ministry officials and RBI governor have highlighted risks from a spike in food prices. — *Reuters*

BUSINESS LINE, Delhi, 22.11.2023
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Crude retreats on caution ahead of OPEC+ meeting

London: Crude oil fell on Tuesday, reversing steep gains made in the past two sessions, as investors turned cautious ahead of a meeting of OPEC+ this Sunday when the producer group may discuss deepening supply cuts due to slowing global growth. Brent crude futures was down 55 cents to $81.77 a barrel, while US West Texas Intermediate crude futures fell by 54 cents to $77.29. REUTERS

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'More OPEC+ supply cuts likely next year, as oil prices plunge'

Reuters
LONDON

The Organization of the Petroleum Exporting Countries and allies (OPEC+) are likely to extend or even deepen oil supply cuts into next year, after a more than 15% drop in Brent prices from a peak in September, a majority of 18 analysts polled predicted.

OPEC+ is set to consider whether to make additional cuts when the group meets later this week, sources told Reuters.

The sharp sell-off in oil prices has come despite a supply deficit due to OPEC+ cuts, in the fourth quarter and the risk of further supply disruption due to escalating tensions in West Asia, as investors fret about rising non-OPEC supply and softening demand in major economies.

Saudi Arabia, Russia and other members of OPEC+ have already pledged total oil output cuts of about 5 million barrels per day (bpd), or about 5% of daily global demand, in a series of steps that started in late 2022.

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FINANCE MINISTRY'S MONTHLY ECONOMIC REPORT

'Hopes of Easing Global Rates, Crude Oil Bode Well'

WORD OF CAUTION Downside risk seen from price pressures which could keep the government and central bank on 'high alert'

Our Bureau

New Delhi: The combination of rapid reversal of US rate hike expectations and the slide in the 10-year US treasury yield along with the decline in global oil prices is "good news" for India and other emerging markets, the finance ministry said in its monthly economic report released on Tuesday.

But downside risks from price pressure persist, keeping both the Indian government and the central bank on "high alert", the ministry said in its report for October, even as it acknowledged the moderation in October retail inflation to a four-month low of 4.87%, or within the targeted band of 2-6%.

Report Synopsis

FinMin acknowledges the moderation in Oct retail inflation to a 4-month low of **4.87%**

Says India can look forward to a longer economic and financial cycle

INDIA'S GROWTH IN FY24 "SHOULD CONTINUE TO BE A POSITIVE OUTLIER

Sentiments in the services sector remain upbeat

Centre "on track" to achieve the budgeted fiscal deficit target of **5.9%** of GDP for FY24

Consumption demand has risen during the festive season

The ministry also said the drop in global crude oil prices and continued easing of core inflation are likely to control price pressures.

It said India can look forward to a longer economic and financial cycle over the medium term than in the past, thanks to the sustained focus on public investment in infrastructure and advances in digital public infrastructure. However, external headwinds could threaten these projections, said the report.

"Financial flows in the external sector also need constant monitoring as they impact the value of rupee and the balance of payments. A fuller transmission of the monetary policy may also temper domestic demand," it said.

It said India can look forward to a longer economic and financial cycle over the medium term than in the past

Against a cumulative hike of 250 basis points (bps) in policy repo rate since May 2022 to 6.5%, lending rates have increased by 187 bps in respect of fresh loans and 105 bps in respect of outstanding loans, the report said. A basis point is a hundredth of a percentage point.

On balance, however, India's growth in this financial year "should continue to be a positive outlier as compared to other major economies", the finance ministry said. The supply-side economy in this fiscal so far vindicates the confidence, while on the demand side, private final consumption expenditure has emerged as the strongest driver of India's growth so far in 2023-24, according to the finance ministry.

Rural demand sustained sequential momentum in the second quarter of the fiscal, as incomes from grain production were stable and inflationary pressures moderate, the report said. Simultaneously, increasing production and expansion in sales have been driving growth in manufacturing. Services activity, too, has been expanding, driven by favourable demand conditions and a strong influx of new businesses. Despite increasing input costs, sentiments in the services sector remain upbeat, driven partly by an upswing in the tourism and hotel industry. The Centre is "on track" to achieve the budgeted fiscal deficit target of 5.9% of GDP for 2023-24 as well, supported by continued buoyancy in revenue collection and prudent expenditure management, said the ministry.

Meanwhile, the festive season further bolstered consumption demand. "While accumulated savings and declining rates of unemployment constitute the underlying strength of consumption demand, the wealth effect emanating from rising real estate prices and growing capitalisation of equity markets may have also strengthened consumption," the report said. Merchandise exports during October surprised on the upside, with highest growth in 11 months. Services exports, too, remained strong in October.

IGL and CONCOR tie up to take Indian trucking into gas age

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New Delhi: Indraprastha Gas Ltd could well be the one to lead Indian trucking into the gas age, a move that will have positive implications for air quality in the NCR and gradually spread to other cities.

The country's largest city gas network operator has tied up with CONCOR (Container Corporation of India) to help the freight company switch to cleaner burning liquefied natural gas for operating the fleet of load carriers hauling trailers and other goods.

To start with, the companies will jointly set up LNG infrastructure, including for refuelling heavy vehicles, at CONCOR's Dadri terminal at UP's Gautam Budh Nagar . This is expected to reduce vehicular emission and lead to creation of a green logistics industry.

The MoU includes replacing existing diesel-fired engines with LNG-fired engines at various CONCOR terminals, an idea that the company had broached to ICT way back in 2019 as first reported in **TOI** on November 9 that year.

The discussions had revolved around converting the fleet of heavy-duty trailers hauling containers between Delhi's Tughlaqabad inland port and the industrial belt stretching up to Rewari in Haryana. Some innovative financing plans were alos discussed but nothing came of the talks.

In contrast, the IGL-CONCOR partnership also envisages transportation of LNG in railway rakes from import terminals near sea ports such as Dahej in Gujarat to consumption centres with a view to expanding access in the hinterland.

"By creating the required LNG infrastructure, we aim to set new benchmarks for eco-friendly transportation in the industry," an IGL statement on Tuesday quoted company MD K K Chatiwal as saying.

"The partnership with IGL for LNG truck refuelling is a testament to our commitment to a greener future," the statement quoted CONCOR MD Sanjay Swarup as saying.

LNG or LCNG is imported in ships and is heavier than CNG (compressed natural gas). LNG is used for trucking as engines running on the fuel offer more pulling power and longer range than CNG, which is used by three-wheelers.

A 2015 Morgan Stanley report said globally natural gas vehicles were displacing 1.5 million barrels a day of oil. That number could double — or even grow by another 5.6 million barrels a day, equivalent to China's oil imports in 2015 — by 2021.