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Oil tumbles over 4% on Opec+ meet delay

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Oil extended declines as the Opec+ meeting that had been set for the weekend was delayed.

Global benchmark Brent fell as much as 4.7%, trading below $80 a barrel. The gathering will be delayed until next week. Talks had earlier hit turbulence as Saudi Arabia undertook difficult talks with member states about production levels.

Global benchmark Brent traded below $80 a barrel. BLOOMBERG

Oil has been buffeted in recent weeks by indications that supplies are expanding, which has complicated the run-up to the meeting. Last week, prices fell to a three-month low, driven by growing production in countries both inside and outside of the Organization of Petroleum Exporting Countries and its allies.

Key market gauges along the oil futures curve have also been flashing weakness in recent days, countering expectations of large stockpile declines to end the year.

"Markets right now are finely balanced, they are not massively oversupplied or undersupplied," Pierre Andurand, the founder of Andurand Capital Management said in a *Bloomberg TV* interview. "Demand growth is very strong. The supply has been the issue, a lot more supply than expected," he said, adding that Opec+ may need to deepen output cuts.

Data from the American Petroleum Institute was reported to show a large increase in crude stocks a day earlier, offering another bearish headwind for prices.

Widely watched timespreads have been pointing to a weakening market lately, with the gap between the nearest two contracts for Brent and WTI in a bearish contango pattern—when longer-dated prices command a premium to nearer ones. Brent's prompt spread was 11 cents a barrel in contango, compared with more than $1 a barrel in the opposite, bullish backwardated structure a month ago.

That poses an additional challenge for Opec+. While it suggests that the market is fundamentally oversupplied, it also raises the risk of trend-following funds increasing selling pressure on the market, as contango is usually seen as a bearish signal.

Some large oil and cross-commodity exchange-traded funds have also been posting outflows over the last few days.

MINT, Delhi, 23.11.2023
Page No. 8, Size:(5.74)cms X (8.33)cms.

Opec gains India oil market share in Oct

Opec's share in India's oil imports in October hit a 10-month high as refiners bought more crude from Saudi Arabia and the United Arab Emirates after discounts narrowed for Russian oil that month, trade data showed.

Russia's share of the Indian market in October slipped to the lowest in nine months, according to *Reuters* calculations based on ship tracking data from trade sources.

The South Asian nation has emerged as the top buyer of the Russian seaborne oil sold at a discount after Western nations stopped buying from Moscow following its invasion of Ukraine. India imported about 4.7 million barrels per day (bpd) of crude in October, up 8.4% from the previous month as refiners increased purchases to meet higher local fuel demand during the festive season, the data showed.

REUTERS

BUSINESS LINE, Delhi, 23.11.2023
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IPOs of Tata Tech, Gandhar Oil sell like hotcakes

CASH MACHINE. Analysts attribute strong response to attractive valuation, grey market premium

KS Badri Narayanan
Chennai

The primary market is buzzing with a flurry of IPOs led by Tata Technologies, but retail investors and high net worth individuals (HNIs) are equally prepared, as they pour in money in almost all the offerings that are open currently.

Tata Technologies, the first one to hit the capital market from the Tata group in 20 years since TCS, was the major attraction followed by Gandhar Oil Refinery. Within a few minutes, both the IPOs (the former in less than 40 minutes and the latter in under 60 minutes), drew interest from both retail as well as non-institutions (HNIs). At the end of the day, Tata Technologies was subscribed 6.55 times and Gandhar Oil 5.5 times.

Quota for Tata Motors shareholders saw strong response in Tata Tech IPO who subscribed 9.31 times, while HNIs already bid over 11.69 times and retail investors 5.43 times; employees portion received 1.10 times and Qualified Institutional Buyers (QIBs), who generally bid on the last day, were also active by subscribing over 4 times.

Day 1: IPOs have a blast

(No of times)

	IPO size (₹ cr)	Price Band (₹)	Retail	HNIs	QIBs	Employee	Total
Tata Tech*	3042.51	475-500	5.44	11.69	4.08	1.11	**6.55**
Fedbank Fin.	1092.26	133-140	0.67	0.21		0.37	**0.38**
Gandhar Oil	500.70	160-169	6.92	7.70	1.35	--	**5.54**
Flair Writing	593.00	288-304	2.86	2.78	0.53	--	**2.17**
IREDA**	2120.21	30-32	4.26	7.74	2.69	--	**4.56**

Note: *Tata Motors Shareholders portion subscribed 9.32 times; **At the end of Day 2

'TATA LEGACY'

Shivani Nyati, Head of Wealth, Swastika Investmart Ltd, said, "Tata names carry a legacy of trust, a sentiment underscored by the remarkable response to Tata Technology's IPO — the first from the Tata Group in 19 years. The overwhelming investor interest is a testament to the enduring faith in the Tata brand. This confidence is further buoyed by a robust business model and compelling valuations, aligning seamlessly with investor expectations and contributing to the IPO's success."

THUMBS UP TO FLAIR

Similarly, the IPO of Flair Writing Industries was subscribed fully by noon and at the end of the day by 2.17 times, thanks to retail investors (2.86 times) and HNIs (2.78 times).

For Gandhar Oil, the HNIs portion was subscribed 7.70 times, retail investors 6.89 times and QIBs 1.35 times.

Indian Renewable Energy Development Agency, which launched IPO on Tuesday and witnessed a healthy response, continued to be a hit with investors on Wednesday as well. On Day 2, it received bids for 4.56 times. The quota for non-institutional investors received 7.74 times subscription while the retail investors' portion got subscribed 4.25 times and QIBs were subscribed 2.69 times.

Earlier, Paras Defence and Defence Technologies was the trendsetter, as the IPO was subscribed within a few minutes. Other IPOs that saw strong response immediately included Plaza Wires and Aeroflex Industries. However, according to analysts, those issues were much smaller in the range of ₹71 crore to ₹351 crore.

According to analysts, this time around, almost all the IPOs have come with decent valuations compared with comparable listed players. For instance, Tata Technologies' P/E at the upper end of the price band ₹500, is 28.8 times as against L&T Technology (37.5 times), Tata Elxsi (66.5 times) and KPIT Technologies (76.6 times). Flair Writing commands a PE of 27.1 as against Cello World (62.6), Kokuyo Camlin (60.9) and Linc (26.8) times. Similarly, the IREDA offer price (₹30-32) is cheaper than REC and PFC.

Besides valuation, analysts also attribute the steep grey market premium as a major reason for the subscription. According to them, Tata Tech commands a premium of over 70 per cent, Gandhar Oil 41 per cent and IREDA 21 per cent. Flair Writing is trading 20 per cent over its IPO price of ₹304.

Investing based on GMP alone is a dangerous trend, cautioned analysts.

Shyam Sekhar, a market veteran, in his "X" post said, "If there is always a GMP in IPOs, the IPO process must be tweaked to ensure that money goes to the issuers. An auction procedure or online IPO which does transparent price discovery is the way to go. The current method of price discovery is essentially rigged by financing and grey market making."

POLICY MEETING NOW ON NOV 30

Oil plunges 4% after OPEC+ defers meet

Raises question on future course of production cuts

PAUL CARSTEN
London, November 22

CRUDE IMPACT

- Brent falls below $80 per barrel after meeting delay
- Eyes on whether OPEC+ output cuts will be rolled over or deepened
- Further changes to a deal that already limits supply into 2024 was likely

Both Brent and WTI oil benchmarks have fallen for four straight weeks — the former down from near $98 in late Sept — on supply-demand mismatch

OIL PRICES TANKED 4% on Wednesday as OPEC+ producers unexpectedly delayed a meeting on output planned for Sunday, raising questions about the future course of crude production cuts.

Brent crude futures was down $3.39, or 4.1%, to $79.06 a barrel by 1412 GMT. US West Texas Intermediate (WTI) crude futures were down $3.26, or 4.2%, to $74.51.

OPEC+ delayed its ministerial meeting to November 30 from November 26 as previously scheduled, OPEC said in a statement, a surprise development that gave no reason for the postponement.

The meeting of OPEC+, which includes Saudi Arabia, Russia and other allies and members of the OPEC group of oil-producing countries, had been expected to consider further changes to a deal that already limits supply into 2024, according to analysts and OPEC+ sources.

Earlier on Wednesday, Bloomberg News reported that the OPEC+ meeting could be delayed for an unspecified period of time after Saudi Arabia expressed its dissatisfaction with other members about their output numbers.

Analysts had predicted before the delay that OPEC+ was likely to extend or even deepen oil supply cuts into next year.

Both Brent and WTI oil benchmarks have fallen for four straight weeks — the former down from near $98 in late September — pressured by rising supplies and concern about demand. The two had climbed about 2% on Monday after sources told Reuters the group was set to consider more oil supply cuts when it meets on November 26. — REUTERS

HINDU, Delhi, 23.11.2023
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Delhi residents reluctant to fit diesel generators with CNG

85 in percentage. Delhi residents with generators running on diesel are unwilling to retrofit them with CNG, as per a LocalCircles survey. Resistance persists against the directive to ban diesel generators. PTI

TIMES OF INDIA, Delhi, 23.11.2023
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Crude slips 5% as Opec+ delays meet

Dubai/London: Opec+ has delayed a ministerial meeting expected to discuss oil output cuts to November 30 from November 26, Opec said in a statement on Wednesday, a surprise development that sparked a further drop in oil prices.

Opec+ was expected to consider oil production cuts

Sunday's meeting of the Organisation of the Petroleum Exporting Countries (Opec) and allies such as Russia, known as Opec+, had been expected to consider further changes to a deal that already limits supply into 2024, according to analysts and Opec+ sources.

The delay to the meeting into next week might be to allow more time for countries to discuss both compliance with existing output cuts and potential additional cuts, an Opec+ source said, declining to be named.

"Uncertainty is never good for financial markets, with markets now having to wait longer to get clarity what Opec+ does next year," said UBS analyst Giovanni Staunovo. "The postponement of the meeting also shows there are some different views among the group participants." Brent crude was last down almost $4 a barrel, or almost 5%, trading below $79. REUTERS