ONGC News as on 03 June 2024 (Print)

Publication : BizzBuzz	Editions : Hyderabad
Date :3 June 2024	Page : 2

ONGC cuts offshore helicopter sorties

It raised the duration of work-related stay of its employees at offshore platforms that help produce oil and gas from below seabed, from 14 days to 21 days

NEW DELHI

INDIA'S top oil and gas producer ONGC has slashed helicopter sorties to its installations in the middle of sea on both east and west coast for three months to avoid any repeat of deadly accidents during monsoon that have plagued the firm's otherwise impeccable record, sources said.

Oil and Natural Gas Corporation (ONGC) has raised the duration of work-related stay of its employees at offshore platforms that help produce oil and gas from below seabed, from 14 days to 21 days but still short of the international norm of 28 days. This temporary measure is only for three months from June to August and has been effected with a view to cut the number of sorties helicopters would need to undertake to ferry men and material to the installations, two sources with knowledge of the matter said. ONGC did not reply to an email seeking to know why it is following a 21-day cycle when internationally 28-day cycle is followed.

Internationally, personnel manning offshore oil and gas installations are required to stay at oil rigs and platforms for 28 days at a stretch and take an equal number of days off thereafter. The rigs and platforms are equipped with sleeping quarters, kitchens and recreation areas. The 28-day norm is also followed by private sector operators in India. However, ONGC for no defined reason follows a 14-day cycle -- 14-day stay offshore and 14-day off thereafter. Of its 25,000 employees, only 1,200 are stationed on offshore installations at any point of time. The 14-day cycle means helicopters, which are considered the most unsafe flying machines during choppy sea conditions in monsoon period, have to do more sorties to transport men and material. Unlike airplanes, helicopters need to fly through dark clouds which along with a similar coloured sea create unsafe flying conditions during rains. ONGC had in the past lost precious lives during helicopter sorties in the monsoon period. The last such accident happened on June 28, 2022 when four people died after a helicopter crashed in the Arabian Sea, near ONGC's Sagar Kiran rig. The helicopter with 9 onboard, was attempting to land at the Sagar Kiran rig, located 111 kilometre west off the Mumbai coast when the incident took place.

The helicopter fell into the sea, about 1.5 kilometre from the landing zone on the offshore rig. The deadliest offshore accident in ONGC history happened in 2003 when 27 people died after a Russian-made Mi-172 helicopter nosedived into the Arabian sea while on a sortie to one of the company's installations.

Publication : Rashtriya Sahara (Hindi)	Editions : New Delhi
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ओएनजीसी ने मानसून के दौरान हेलिकाप्टर उड़ानें घटाईं

नई दिल्ली (भाषा)।

देश की सबसे बड़ी तेल एवं गैस उत्पादक कंपनी ऑयल एंड नैचुरल गैस कॉरपोरेशन (ओएनजीसी) ने मानसून के दौरान किसी भी घातक दुर्घटना से बचाव के लिए पूर्वी और पश्चिमी दोनों तटों पर समुद्र के बीच में अपने प्रतिष्ठानों के लिए हेलिकॉप्टर की उड़ानें तीन महीने के लिए कम कर दी हैं। सूत्रों ने यह जानकारी दी है।

ओएनजीसी ने समुद्र तल से तेल और गैस का उत्पादन करने में मदद करने वाले अपतटीय प्लेटफॉर्म पर अपने कर्मचारियों के काम से संबंधित रहने की अवधि 14 दिन से बढ़ाकर 21 दिन कर दी है। हालांकि, यह अब भी 28 दिन के अंतरराष्ट्रीय मानक से कम है। मामले की जानकारी रखने वाले दो सूत्रों ने बताया कि यह अस्थायी उपाय केवल जून से अगस्त तक तीन माह के लिए है और इसे प्रतिष्ठानों तक लोगों और सामग्री को पहुंचाने के लिए हेलिकॉप्टर उड़ानों की संख्या

में कटौती करने के उद्देश्य से लागू किया गया है। ओएनजीसी से ई-मेल के जरिये यह जानने का प्रयास किया गया कि वह 21 दिन के चक्र का पालन क्यों कर रही है जबकि अंतरराष्ट्रीय स्तर पर 28 दिन के चक्र का अनुपालन किया जाता है। कंपनी की ओर से इसका जवाब नहीं मिला है।

अंतरराष्ट्रीय स्तर पर अपतटीय तेल और गैस प्रतिष्ठानों में काम करने वाले कर्मियों को लगातार 28 दिन तक तेल रिग और प्लेटफॉर्म पर रहना पड़ता है और उसके बाद उतने ही दिन की छुट्टी लेनी पड़ती है। रिग और प्लेटफॉर्म पर सोने के लिए घर, रसोई और मनोरंजन क्षेत्रों से सुसज्जित हैं। भारत में निजी क्षेत्र के ऑपरेटरों द्वारा भी 28-दिन के मानदंड का पालन किया जाता है। हालांकि, ओएनजीसी बिना किसी परिभाषित कारण के 14-दिन चक्र का पालन करती है। 14 दिन का अपतटीय प्रवास और उसके बाद 14-दिन की छुट्टी। इसके 25,000 कर्मचारियों में से केवल 1,200 ही किसी भी समय अपतटीय प्रतिष्ठानों पर तैनात रहते हैं।

Publication : The Economic Times	Editions : Ahmedabad
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ONGC Cuts Offshore Chopper Sorties during Monsoon

NEW DELHI ONGC has slashed helicopter sorties to its installations in the middle of sea on both east and west coast for three months to avoid any repeat of deadly accidents during monsoon that have plagued the firm's otherwise impeccable record, sources said.

The company has raised the duration of work-related stay of its employees at offshore platforms from 14 days to 21 days but still short of the international norm of 28 days. This temporary measure is only for three months from June to August and has been effected with a view to cut the number of sorties helicopters would need to undertake to ferry men and material to the installations, two sources said.

Internationally, personnel manning offshore oil and gas installations are required to stay at oil rigs and platforms for 28 days at a stretch and take an equal number of days off thereafter. **PTI**

Publication : The Hindu	Editions : Hyderabad
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Plan to promote geo-thermal power station: SCCL CMD

The Hindu Bureau
BHADRADRI KOTHAGUDEM

A plan is on the anvil to explore the possibility of setting up a geo-thermal power station of 200-megawatt capacity in collaboration with the Oil and Natural Gas Corporation Limited (ONGC) by utilising hot water springs of the coal belt of Manuguru area to promote renewable energy generation, SCCL chairman and managing director N. Balram said.

Speaking at the main function of the decennial celebration of Telangana formation in the coal town of Kothagudem on Sunday, Mr. Balram said that a geothermal power station has been set up on an experimental basis at Pagideru in the Manuguru mandal by harnessing the hot water springs in the coal belt region.

SCCL's solar energy initiatives to tap the inexhaustible source of solar power, as part of the ambitious diversification plans, were discussed

Surface coal gasification

As part of the ambitious diversification plans, the SCCL is planning to take up surface coal gasification projects to produce ammonium nitrate. This will help augment the supply of the ammonium nitrate to the SCCL's small and medium enterprise (SME) plants engaged in the production of explosive materials for the removal of overburden removal in the opencast projects in the coal belt region, he said.

Mr. Balram outlined SCCL's solar energy initiatives to tap the inexhaustible source of solar power as part of the ambitious diversification plans. He detailed the ambitious plans to commence coal production in Naini coal block in Odisha with a potential of one crore tonnes coal per annum and other new projects to augment production to meet the burgeoning demand for coal.

Publication : Western Times	Editions : Ahmedabad
Date :3 June 2024	Page : 6

ONGC net profit jumps 19 times in Q4

(Agency) New Delhi: State-owned Oil and Natural Gas Corporation's (ONGC) March quarter net profit soared 19 times as the year-ago period had a one-time exceptional provision, while it posted a record earning for the full fiscal.

The company's standalone net profit of Rs 9,869 crore in January-March the fourth quarter of fiscal year 2023-24 - compared with a profit of Rs 528 crore in the same period of the previous financial year, according to a company.

India's top oil and gas producer had made a provision of Rs 9,235 crore in the January-March 2023 quarter towards disputed taxes for the period from April 1, 2016, to March 31, 2022.

ONGC reported a 4.3 per cent rise in crude oil production in the fourth quarter this year to 4.71 million tonnes. The price realised for the same also was higher at USD 80.81 per barrel compared to USD 77.12 a barrel in January-March 2023.

Gas price was, however, lower at USD 6.50 per million British thermal units as opposed to USD 8.57 in the previous year. Also, gas production fell 2.4 per cent to 4.95 billion cubic metres. Its revenue from operation was 4.6 per cent lower at Rs 34,637 crore.

For the full 2023-24 fiscal (April 2023 to March 2024), ONGC reported the highest-ever standalone net profit of Rs 40,526 crore on a revenue of Rs 1.38 lakh crore. This compared with Rs 40,097 crore net profit on a revenue of Rs 1.55 lakh crore. On a consolidated basis after taking into account the earnings of subsidiaries, including listed companies Hindustan Petroleum Corporation Ltd (HPCL) and MRPL, ONGC had a record consolidated net profit of Rs 57,101 crore for FY24.

Oil production for the full year was 0.7 per cent lower at 18.4 million tonnes while gas output fell 3.2 per cent to 19.97 bcm.

The company declared a total dividend of 245 per cent (Rs 12.25 per share of face value Rs 5 each) with a total payout of Rs 15,411 crore. This includes an interim dividend of 195 per cent (Rs 9.75 per share) already paid during the year and a final dividend of 50 per cent (Rs 2.50 per share) recommended by the Board.

Publication : Western Times	Editions : Ahmedabad
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Reliance seeks access to ATF pipelines, storages of PSU oil firms

(Agency) New Delhi: Reliance Industries Ltd. has sought access to pipelines and storages that public sector oil companies have built over the years for supplying jet fuel (ATF) from depots and oil refineries to airports, as it looks for a larger pie of fuel trade at some of Asia's busiest airports.

Reliance, which produces a fourth of India's aviation turbine fuel (ATF), wants access to storage depots outside the Delhi airport as well as to pipelines leading to Mumbai, Bengaluru, and Hyderabad airports. It currently supplies small volumes of ATF when compared with supplies made by state-owned firms. The firm made the suggestion in its comments to oil regulator PNGRB's draft regulation calling for supply of ATF in all existing and future airports through pipelines that can be accessed by any supplier so as to bring in competition and cut fuel cost.

While the fuel market is open, airplanes at the country's busiest airports are fed by pipelines that were built by state-owned Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd. (BPCL) and Hindustan Petroleum Corporation Ltd. (HPCL) over decades. Reliance, which has been for more than a decade now seeking access to pipelines that supply ATF to airports especially at Mumbai, stated that the common carrier pipeline scope (which gives third parties access to pipelines built by PSUs) should encompass the associated storage facilities and pumping stations at the 'off-site' oil terminal facilities as they form an integral part of the ATF supply chain.

This will promote a competitive market for supply and distribution of ATF to the airport 'on-site' storage facilities. Out of the 17.12 million tonnes of aviation turbine fuel (ATF) produced by public and private sector refineries, 8.2 million tonnes is consumed within the country and the rest is exported. Reliance's twin refineries at Jamnagar produce close to 5 million tonnes of ATF, a large part of it is exported.

Publication : Business Standard	Editions : New Delhi
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ECONOMY AND PUBLIC AFFAIRS P4

Q4 CAD may dip as net exports hit 11-qtr high

India's current account deficit (CAD) may dip further in the March quarter of FY24 as pressure from the negative net exports during the period eased to an 11-quarter high. According to data by the National Statistical Office, the net exports in nominal terms stood at -0.8 per cent of GDP in Q4FY24 compared to -2.9 per cent of GDP in Q3.

Publication : Business Standard	Editions : New Delhi
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CAD may show dip in Q4 as net exports hit 11-quarter high

ASIT RANJAN MISHRA
New Delhi, 2 June

India's current account deficit (CAD) may dip further in the March quarter of FY24 as pressure from the negative net exports during the January-March period eased to an 11-quarter high.

A part of the gross domestic product (GDP) data, net export—which is usually negative for India — captures the difference between exports and imports of both goods and services, while the CAD data, released by the Reserve Bank of India (RBI), also factors in private transfer receipts.

According to data released by the National Statistical Office (NSO) on Friday, the net exports in nominal terms stood at -0.8 per cent of GDP in the March quarter of FY24 compared to -2.9 per cent of GDP in the preceding quarter.

In real terms, the contribution of net exports turned positive in the March quarter (1.3 per cent of GDP) after remaining negative for three successive quarters, boosting the overall GDP growth.

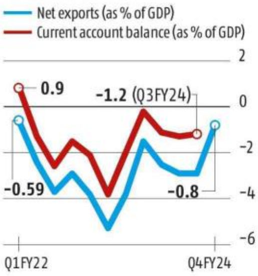
In his April monetary policy statement, RBI governor Shaktikanta Das said during the first three quarters of FY24, India's CAD narrowed significantly on account of a moderation in merchandise trade deficit coupled with robust growth in services exports and strong remittances.

"India's merchandise and services exports have grown at a healthy pace in Q4:2023-24. India continues to be the largest recipient of remittances in the world. The cost of receiving remittances is gradually coming down. Overall, the CAD for 2024-25 is expected to remain at a level that is both viable and eminently manageable," he added.

During the December quarter of FY24, the CAD stood at 1.2 per cent of GDP as compared to 1.3 per cent of GDP in Q2.

During April-December 2023-24, the CAD was placed at 1.2 per cent of GDP as compared to 2.6 per cent during the same period of the preceding year.

TAILWINDS



Source: NSO, RBI

IDFC First Bank in a recent report said in FY25, it estimates CAD at 1.3 per cent of GDP compared to 0.7 per cent of GDP in FY24. "The FY25 estimate builds in weakness in merchandise export growth and some moderation in services surplus as global growth slows. Indian crude basket is assumed to average at $85 per barrel in FY25 versus $82.5 per barrel in FY24. In FY24, the crude oil imports from Russia also helped reduce the crude oil import bill. In FY25, support from Russian crude oil imports could persist, keeping crude oil import bill contained," it added.

The CAD has gathered additional importance as S&P while recently raising its India sovereign outlook to positive from stable, cautioned that if CAD "widens materially" to weaken India's external position such that the country becomes a narrow net external debtor, it could revise India's outlook back to stable again.

RBI in its latest annual report for FY24 said the external sector is gaining strength, with the narrowing of the CAD and foreign exchange reserves rising to an all-time high.

"The buoyancy in services exports and private transfer receipts cushioned the CAD," it added.

ओएनजीसी
ONGC

Publication : Business Standard	Editions : New Delhi
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India Inc profit in Q4 grew least in 5 quarters

KRISHNA KANT
Mumbai, 2 June

Listed companies' combined net profits (adjusted for exceptional gains and losses) were up 11.4 per cent year-on-year (Y-o-Y) in the January-March 2024 (Q4FY24), growing at the slowest pace in the last five quarters.

For comparison, the combined net profits of 3,327 listed companies in the *Business Standard* sample were up 17.3 per cent Y-o-Y in Q4FY23 and increased 24.1 per cent Y-o-Y during October-December 2023 (Q3FY24).

The companies' combined net profits climbed to ₹3.56 trillion in Q4FY24, up from the ₹3.2 trillion each in Q4FY23 and Q3FY24.

The incremental growth in earnings was driven largely by banks, finance and insurance companies (BFSI), and the automobile sector, while companies in other major sectors such as oil and gas, information-technology services, and fast-moving consumer goods (FMCG) faced slowdown in revenues and earnings.

The companies' revenue growth, however, remains in the slow lane despite a small uptick in the fourth quarter. Combined net sales (gross interest income in the case of banks and non-bank lenders) were up 7.2 per cent Y-o-Y in Q4FY24, an improvement from the 6.4 per cent in Q3FY24; but revenue growth was in single digits for the fourth consecutive quarter.

Companies reported combined net sales of ₹37.57 trillion in Q4FY24, up from the ₹35.05 trillion in Q4FY24 and ₹35.44 trillion in Q3FY24.

The non-BFSI firms did worse and their combined net sales were up 4.3 per cent Y-o-Y to ₹29.92 trillion in Q4, an improvement from the 3.1 per cent in Q3. Similarly, the combined net sales of companies other than BFSI and oil and gas were up 4.8 per cent Y-o-Y in Q4FY24, up marginally from the 4.6 per cent Y-o-Y growth in Q3FY24.

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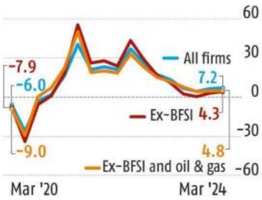
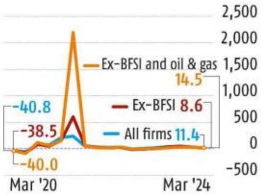
REVENUE GROWTH IN SINGLE DIGIT AGAIN

Historical trend in quarterly net sales growth — Y-o-Y chg in %



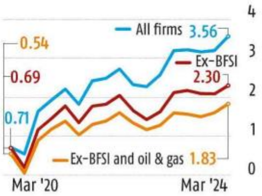
PROFIT IN Q4 GROWTH SLOWS

Y-o-Y chg in %



AUTO, BFSI DRIVE OVERALL PERFORMANCE

Trend in quarterly net profit (in ₹ trn)



BFSI: Banks, non-banking finance companies, insurance, and stock-broking firms
Note: Based on a common sample of 3,327 companies that have declared Q4FY24 results, excluding their listed subsidiaries
Compiled by *BS* Research Bureau Source: Capitaline

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India Inc...

These companies reported combined net sales of ₹22 trillion in Q4FY24, up from the ₹21.01 trillion in Q4FY23 and ₹20.43 trillion in Q3FY24.

"The 4QFY24 corporate earnings have exceeded our expectations, with the BFSI and automobile sectors driving the overall performance. The margin tailwinds in 4QFY24 have ebbed from a high base, necessitating a recovery in revenue growth to boost earnings going forward," write analysts at Motilal Oswal Securities in their earnings review for Q4FY24.

The combined net profits of 585 BFSI companies in the sample were up 16.7 per cent Y-o-Y to ₹1.26 trillion in Q4FY24, up from the ₹1.08 trillion in Q4FY23 and ₹1.12 trillion in Q3FY24. The BFSI companies accounted for 49.7 per cent of incremental growth in the combined net profits of all listed companies on a Y-o-Y basis in the fourth quarter.

\However, the BFSI sector also witnessed an earnings slowdown and their profit growth in Q4FY24 was the slowest in the last 15 quarters.

BFSI companies topped the revenue growth chart and their gross interest income was up 20.4 per cent Y-o-Y to ₹7.64 trillion in Q4FY24 from ₹6.35 trillion in Q4FY24 and ₹7.2 trillion in Q3FY24.

Automobile and auto ancillary manufacturers were the top performers in the fourth quarter, driven by gains from lower raw material prices and finance costs.

Their combined net profits were up 80 per cent Y-o-Y to ₹38,042 crore in Q4FY24, up from the ₹21,130 crore a year ago and ₹25,765 crore in Q3FY24.

The sector accounted for 46.5 per cent of incremental growth in all listed companies in Q4FY24 on a Y-o-Y basis.

Earnings growth was led by Tata Motors, Maruti Suzuki, Mahindra & Mahindra, Bajaj Auto, Bosch, Bharat Forge and Samvardhana Motherson International, among others.

In comparison, automobile companies' combined net sales were up 13.2 per cent Y-o-Y in Q4FY24, growing at the slowest quarter in the last eight quarters.

The companies reported combined net sales of ₹3.6 trillion in Q4FY24, up from the ₹3.18 trillion in Q4FY24 and ₹3.39 trillion in Q3FY24.

In comparison, the combined adjusted net profits of oil and gas companies, including Reliance Industries, were down 9.3 per cent Y-o-Y to ₹47,132 crore in Q4FY24 from the ₹51,984 crore in Q4FY23 and ₹48,347 crore in Q3FY24.

Similarly, FMCG companies' combined net profits were up 5.6 per cent Y-o-Y in Q4FY24 to ₹15,178 crore, growing at the slowest pace in the last eight quarters.

The combined net profits of IT services companies such as Tata Consultancy Services, Infosys, Wipro and HCL Technologies were up 10.8 per cent Y-o-Y to ₹31,935 crore in Q4FY24, their best showing in the last three quarters but the gains largely came from a sharp 64.6 per cent Y-o-Y jump in other income in the quarter.

Publication : Business Standard	Editions : New Delhi
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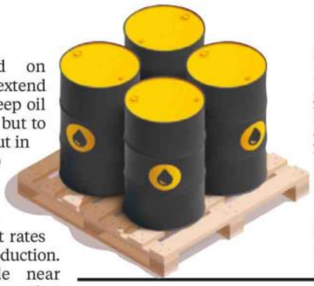
Opec+ extends output cuts into 2025 to support prices

Will also extend third round of voluntary cuts into Q3 2024

BLOOMBERG
2 June



KEY DECISIONS

- Total output cut of 5.86 million bpd, which is 5.7% of the global demand
- All Opec+ members to cut 2 million bpd
- The UAE's production quota for 2025 increased to 3.5 million bpd from 2.9 million bpd
- Opec+ will convene its next meeting on December 1, 2024

Opec+ agreed on Sunday to extend most of its deep oil output cuts for 2024 but to start phasing them out in 2025, as the group seeks to shore up the market amid tepid global demand growth, high interest rates and rising rival US production.

Oil prices trade near $80 per barrel, below what many Opec+ members need to balance their budget. Worries over slow demand growth in top oil importer China have weighed on prices alongside rising oil stocks in developed economies.

The Organization of the Petroleum Exporting Countries and allies led by Russia, together known as Opec+, have made a series of output cuts since late 2022.

Opec+ members are currently cutting output by a total of 5.86 million barrels per day (bpd), or about 5.7 per cent of global demand.

The cuts include 2 million bpd by all Opec+ members, the first round of voluntary cuts by nine members of 1.66 million bpd, and the second round of voluntary cuts by eight members of 2.2 million bpd.

Opec+ extended the the first round of cuts until the end of 2025 from the end of 2024, the group said in a statement.

It also agreed to extend the third round of voluntary cuts into the third quarter of 2024, Opec+ sources said, adding that more details were being worked out and would be announced on Sunday.

The countries which have made voluntary cuts in the second round are Algeria, Iraq, Kazakhstan, Kuwait, Oman, Russia, Saudi Arabia and the United Arab Emirates and Gabon. The same countries except Gabon participated in the third round. The group also agreed to allocate the UAE a higher production quota of 3.5 million bpd in 2025, up from the current level of 2.9 million.

Opec+ also postponed the deadline for an independent assessment of its members' production capacities to the end of November 2025 from June 2024. The figures will be used as guidance for 2026 reference production levels.

Opec+ will hold its next meeting on December 1, 2024.

Sources have said Opec's de facto leader and biggest producer Saudi Arabia had spent days pre-cooking the deal behind the scenes.

Its energy minister Prince Abulaziz bin Salman invited some key ministers to come to Riyadh on Sunday despite meetings being online.

Publication : Echo of India	Editions : Kolkata
Date :3 June 2024	Page : 8

Oil producers led by Saudis face a decision on whether to extend production cuts as oil prices lag

FRANKFURT, JUN 2/--/ Saudi Arabia and allied oil producing countries face a decision Sunday on whether to extend production cuts set to expire next month - a move that could push oil prices higher as the summer travel season increases demand for fuel and as the US presidential election contest heats up.

The full OPEC+ alliance, made up of members of the producers cartel and allied countries, including Russia, is holding an online meeting, but the cuts in question concern a smaller group of eight, including the Saudis. Those countries previously cut some 2.2 million barrels per day to support prices that are weaker than the Saudis and other alliance members would like. International benchmark Brent has loitered in the $81-$83 per barrel range for the past month. Even the war in Gaza has not pushed prices up toward the $100 per barrel level last seen in September 2022. Reasons include rising non-OPEC production, higher interest rates and concerns about demand due to slower than desired economic growth in Europe and China.

The Saudis need higher oil prices to fund ambitious plans by Crown Prince Mohammed bin Salman to diversify the country's economy away from fossil fuel exports. Higher oil prices would also help Russia maintain economic growth and stability as it spends heavily on its war against Ukraine.

"The probable extension of the voluntary production cuts by OPEC+ should cause oil prices to rise again," said Barbara Lambrecht, commodities analyst at Germany's Commerzbank. "Ultimately, this would threaten a significant undersupply on the oil market in the third quarter." Her assessment was that "oil prices will rise significantly in the coming weeks."

Price increases in the July-September quarter would come as the final election campaign between US President Joe Biden and former President Donald Trump gets into full swing. Gas prices have been quiescent recently, averaging $3.56 per gallon last week, a penny less than a year ago. That is down from a record national average high of $5 per gallon in June 2022.

Demand for fuel over the Memorial Day holiday weekend May 25-27 was weaker than last year. Still, demand typically spikes over the summer months as travel increases. Gas prices are a sensitive matter in the US and inflation has left many people disgruntled with the state of the economy despite relatively strong growth and low unemployment.

US gas prices rise along with crude because the price of oil makes up half the cost of a gallon of gasoline. The price swings are much smaller in Europe because there taxes make up a bigger proportion of the price of fuel. (AP)

Publication : Financial Express	Editions : New Delhi
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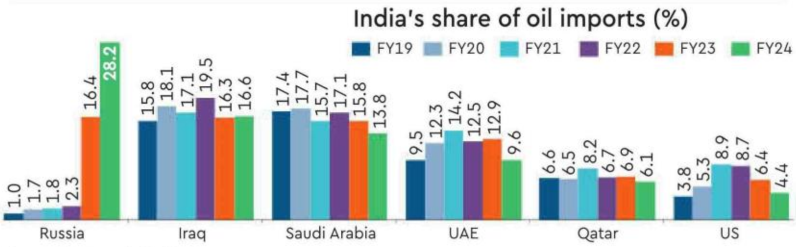
Russia became India's top oil exporter in FY24, edging out Saudi Arabia

INDIA'S SHARE OF petroleum imports from Russia jumped to 28.2% in FY24 as compared to an average of 1.6% between FY18 and FY22 as the country increased its import of discounted Russian barrels. India imported petroleum products worth $180 billion in FY24 as compared with $209 billion the year before, a drop of 14% on-year despite elevated global crude oil prices. In FY23 too, the share of oil imports from Russia was high at 16.4%. The share of oil imports from Saudi Arabia dropped to 13.8% in FY24 from 15.8% in FY23 and that from Iraq remained flat at 16% in the two financial years. The share of oil imports from the United Arab Emirates, too dropped to 9.6% in FY24 from 13% in FY23.



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Oil cartel extends cut

London/Dubai: Opec+ agreed on Sunday to extend most of its deep oil output cuts well into 2025, exceeding market expectations as the group seeks to shore up the market amid tepid demand growth, high interest rates and rising rival US production.

Oil prices trade near $80 per barrel, below what many Opec+ members need to balance their budget. Worries over slow demand growth in top oil importer China have weighed on prices alongside rising oil stocks in developed economies.

The Organization of the Petroleum Exporting Countries and allies led by Russia, together known as Opec+, have made a series of deep output cuts since late 2022.

Opec+ members are currently cutting output by a total of 5.86 million barrels per day (bpd), or about 5.7 per cent of global demand.

Those include 3.66 million bpd of cuts, which were due to expire at the end of 2024, and voluntary cuts by eight members of 2.2 million bpd, expiring at the end of June 2024.

On Sunday, Opec+ agreed to extend the cuts of 3.66 million bpd by a year until the end of 2025 and prolong the cuts of 2.2 million bpd by three months until the end of September 2024.

Opec will spend one year on gradually phasing out cuts of 2.2 million bpd starting from October 2024 until the end of September 2025, three Opec+ sources said.

"Now the market has clarity for almost 1.5 years," an Opec+ delegate said, declining to be named.

Amrita Sen, co-founder of Energy Aspects think tank, said: "The deal should allay market fears of OPEC+ adding back barrels at a time when demand concerns are still rife".

PRICE PAIN

- Output cut of 3.66 million bpd due to end this year
- But this will stay till the end of 2025
- Voluntary cuts of 2.2 million bpd to end in June
- But this has been extended till September

Quick deal

The meetings on Sunday lasted less than four hours - an unusually small amount of time for such a complex deal.

The United Arab Emirates has been pushing for a higher production quota arguing its capacity figure had been long under-estimated.

But in a surprise development, Opec+ postponed the discussions on capacities until November 2025 from this year.

Instead, the group agreed a new output target for the UAE which will be allowed to gradually raise production by 0.3 million bpd, up from the current level of 2.9 million.

Sources have said Opec's de facto leader and biggest producer Saudi Arabia had spent days pre-cooking the deal behind the scenes.

Its influential energy minister Price Abdulaziz bin Salman invited some key ministers — mostly those who contributed to the voluntary cuts — to come to the Saudi capital Riyadh on Sunday despite meetings being largely scheduled online. Reuters