ONGC News as on 10 April 2024 (Print)

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Day trading guide

22735 » **Nifty 50 Futures**

S1	S2	R1	R2	COMMENT
22670	22550	22850	22920	Go long on a bounce from 22670. Keep the stop-loss at 22630

₹1548 » **HDFC Bank**

S1	S2	R1	R2	COMMENT
1540	1510	1560	1590	Go long only above 1560. Stop-loss can be kept at 1555

₹1495 » **Infosys**

S1	S2	R1	R2	COMMENT
1485	1460	1515	1535	Go long now and at 1490. Keep the stop-loss at 1480

₹426 » **ITC**

S1	S2	R1	R2	COMMENT
423	420	431	435	Wait for dips. Go long at 424. Keep the stop-loss at 421

₹269 » **ONGC**

S1	S2	R1	R2	COMMENT
266	264	271	273	Go long on dips at 267. Stop-loss can be placed at 265

₹2927 » **Reliance Ind.**

S1	S2	R1	R2	COMMENT
2900	2860	2960	3000	Risk-reward does not favour any trade. Stay away

₹764 » **SBI**

S1	S2	R1	R2	COMMENT
760	756	769	772	Go short only below 760. Stop-loss can be kept at 761

₹3947 » **TCS**

S1	S2	R1	R2	COMMENT
3910	3860	3960	4010	Take shorts now and at 3955. Stop-loss can be kept at 3970

S1, S2: Support 1 & 2; R1, R2: Resistance 1 & 2.

Publication : Hindustan (Hindi)	Editions : New Delhi
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पाबंदी के कारण गेल को एलएनजी आपूर्ति नहीं

नई दिल्ली। रूस की प्रमुख ऊर्जा कंपनी गैजप्रॉम की एक पूर्व इकाई ने कहा है कि मॉस्को के प्रतिबंधों के कारण आपूर्ति के स्रोतों में बाधाएं उत्पन्न हुईं और इससे वह भारतीय गैस कंपनी गेल को आपूर्ति नहीं कर पाई। गेल ने पिछले साल दिसंबर में मध्यस्थता न्यायाधिकरण लंदन कोर्ट ऑफ इंटरनेशनल आर्बिट्रेशन के समक्ष एक मध्यस्थता दावा दायर किया था।

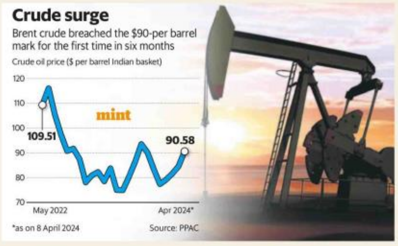
Publication : Mint	Editions : New Delhi
Date :10 April 2024	Page : 1

mint primer

Will domestic petrol prices go up pre-polls?

BY SUMANT BANERJI

Fresh geopolitical uncertainty has pushed global crude prices above $90 per barrel. How does it impact India's oil marketing companies? Will they be forced to increase prices in the election season? *Mint* finds out.



1 Why have global prices shot up?

Brent crude prices have risen for two successive weeks and breached the psychological $90 per barrel-mark for the first time in 6 months. In tandem with that the Indian basket of crude price has also risen more than 10% since the start of the year (*see table*). The current rise in prices has been attributed to fresh geopolitical tensions following the attack on Iran's embassy in Syria. While Israel has not taken responsibility, it has led to speculation of a direct retaliatory attack by Iran, which is the third largest Opec producer. With Israel-Palestine and Russia-Ukraine wars raging, this could further cripple global oil supplies.

2 Are fuel prices likely to go up in India?

It is unlikely domestic petrol and diesel prices will be revised until at least the end of elections. Prices of both fuels were decontrolled between 2010 and 2014. Initially prices were revised every fortnight but from June 2017 oil marketing companies began to revise prices daily. In the last few years revisions have been erratic. Prices remained frozen for a record 23 months from May 2022 before the Centre announced a ₹2 cut on 15 March 2024. Rising crude prices almost negates any scope of a further cut. Thanks to low prices in 2023-24, oil companies have been very profitable and have the cushion to absorb any temporary spike.

MINT

3 Is the EC model code of conduct a factor?

Though the code restricts the government from bringing any new policy or fiscal measure, revision of fuel prices does not fall under that category. So, oil marketing companies are technically free to raise or reduce prices as per their need. In 2019 for example, prices were marginally revised on a couple of occasions while elections were underway in the country.

4 How are oil marketing companies doing?

Typically, OMCs break even when global crude oil prices are at $85 per barrel. Anything less and their profitability grows increasing the chances of a cut in pump prices. But any increase makes them unprofitable and strengthens the case for a price hike. Thanks to benign prices for much of FY24, the three state-owned OMCs—IOC, BPCL and HPCL—posted a robust ₹69,000 crore net profit for Apr-Dec 2023, way higher than the profit for all of FY23, when prices were above $90 per barrel for much of the year.

5 How does the government benefit?

Central and state governments generate revenues from oil by way of excise and customs duties, cesses, royalty and VAT. The Centre also earns dividend from the OMCs as well as corporate/income tax from companies. In 2022-23, the Centre earned ₹4.3 trillion while the states got ₹3.2 trillion. Frequent hikes in excise duties and VAT rates over the past few years have led to an over-30% increase in revenue from oil for the government—from ₹5.75 trillion to almost ₹7.5 trillion between 2018-19 and 2022-23.

Publication : The Hindu Business Line	Editions : New Delhi
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IOC to resume Avgas supply to flying schools

Our Bureau
Mumbai

Indian Oil Corporation (IOC) is resuming supplies of aviation gasoline (Avgas) to pilot training schools in the country, it said on Tuesday.

Supplies to training schools were hit for nearly a month due to a delay in product certification.

On Tuesday IOC said it had received certification and is commencing supplies.

"We would like to confirm that the foreign certification has now been received. Additionally, there has been no disruption in Avgas production. We are pleased to confirm that a sufficient certified stock of Avgas is available with Indian Oil. Enhanced dispatch of the same will commence from the production source today," a company spokesperson said.

Publication : The Hindu Business Line	Editions : New Delhi
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Russian sanctions disrupted LNG supply to GAIL, says Gazprom

Press Trust of India
New Delhi

A former unit of Russian energy giant Gazprom said sanctions by Moscow had led to disruption in its sources of supplies, leading to the default in supply to Indian gas utility GAIL.

GAIL had, in December last year, filed an arbitration claim before the London Court of International Arbitration seeking $1.8 billion from Securing Energy for Europe (SEFE) for "non-supply of LNG cargoes under long-term contract." Last week, GAIL, in a regulatory filing, said, SEFE had in its 'Statement of Defence' before the arbitration panel denied that "it owes anything other than an alleged contractually limited sum properly evidence."

In 2012, GAIL signed a 20-year deal to buy as much as 2.85 million tonnes per annum of liquefied natural gas (LNG) with Russian energy giant Gazprom.

In 2012, GAIL signed a 20-year deal to buy 2.85 million tonnes per annum of LNG with Gazprom

The deal was signed with Gazprom Marketing and Singapore (GMTS), which at the time was a unit of Gazprom Germania, now called SEFE. SEFE ownership changed after Russia's invasion of Ukraine in 2022.

SUPPLY FREEZE

Clarifying the circumstances of the default, SEFE, said, in April 2022 that Gazprom transferred the German company to a Moscow DJ which "did not possess a foreign trade license." "...following this transfer, the new shareholder ordered Gazprom Germania to be liquidated," it said. "On May 11, 2022, the already extremely precarious situation escalated: the Russian Federation sanctioned Gazprom Germania - at this point, under trusteeship of the German Federal Network Agency - with a comprehensive, complete supply freeze. Gazprom Germania was the only energy supplier in Germany targeted in this way." This meant that the company could not get any LNG supplies from Russia and so it stopped supplying LNG to the Indian company in June 2022.

GAIL has disputed this saying the contract was a portfolio contract and supplies cannot be stopped in any way.

It has sued "SEFE Marketing & Trading Singapore Pte Ltd (erstwhile Gazprom Marketing and Trading Singapore Pte Ltd)" and has sought "up to $1.817 billion and alternative relief, including non-monetary reliefs." SEFE resumed supplies to GAIL in March last year. Under the deal signed in 2012, supplies started in 2018 and the full volume was to reach in 2023.

Publication : Business Standard	Editions : New Delhi
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Oil holds near five-month high amid tensions in West Asia

Oil traded near a five-month high amid simmering tensions in the West Asia and as energy traders struck a bullish note at a conference in Europe. Brent was steady above $90 a barrel after closing 0.9 per cent lower on Monday, the first decline in five sessions. Israel said progress has been made in negotiations for a cease-fire in Gaza, signaling a potential easing of hostilities, but Hamas dismissed the claim. A senior commander in Iran's Revolutionary Guard said it won't block the Strait of Hormuz, but will respond to Israel following last week's attack on a prominent IRGC officer. Vitol Group's chief executive officer said at the Financial Times Commodities Global Summit in Lausanne on Tuesday that prices may trade in a $80-to-$100 range this year, adding that the company expects strong oil demand growth.

BLOOMBERG

Publication : Financial Express	Editions : New Delhi
Date :10 April 2024	Page : 4

Electric PV sales surge over 91% in FY24 on new models

FE BUREAU
New Delhi, April 9

RETAIL SALES OF electric passenger vehicles (PVs) were in the fast lane in FY24 with more than 91% year-on-year surge to 90,996 units, according to the data released by the Federation of Automobile Dealers Associations (FADA).

New models, better range and development of charging infrastructure fuelled the sales growth. Also, the numbers indicate that the segment captured 2.3% of the entire PV market share, which includes internal combustion engine (ICE) vehicles.

Retail sale numbers in the electric two-wheeler showed a healthy growth too with a 30.06% rise to 947,087 units in FY24, from 728,205 units a year ago. It captured 5.4% of the entire two-wheeler market share.

Domestic sales of electric three-wheelers in FY24 grew a robust 56.43% y-o-y to 632,636 units, from 404,430 units a year ago, securing a 54.3% market share.

Electric commercial vehicle retail sales zoomed 175.5% to 8,571 units, from 3,111 units a year ago.

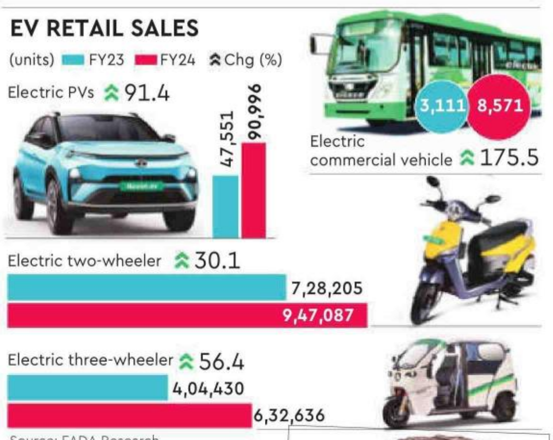
"In FY24, India's EV market has shown a promising growth across all segments, although on a relatively low base," said Manish Raj Singhania, president, Federation of Automobile Dealers Associations (FADA).

"While the base for EV adoption in India is still expanding, these figures underscore the accelerating shift towards electric mobility and highlight the market's potential for sustainable transportation solutions," he added.

In March, sales of electric PVs grew by 7.50% to 9,503 units, from 8,840 units a year ago.

In the electric two-wheeler segment, retail sales jumped 61.57% to reach 139,531 units in March, from 86,358 units a year ago.

Domestic sales of electric three-wheelers grew 34.20% y-o-y to 60,773 units in the last month. Electric commercial vehicle retail sales surged 400.9% to 2,149 units from 429 units in March 2023.



Source: FADA Research

MANISH RAJ SINGHANIA, PRESIDENT, FADA

IN FY24, INDIA'S ELECTRIC VEHICLE MARKET HAS SHOWN PROMISING GROWTH ACROSS ALL SEGMENTS, ALTHOUGH FROM A RELATIVELY LOW BASE.

Publication : Financial Express	Editions : New Delhi
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Hydrogen mission proposals' deadline extended

PRESS TRUST OF INDIA
New Delhi, April 9

THE NEW & renewable energy ministry has extended the deadline until April 27 for the submission of research and development proposals under the National Green Hydrogen Mission, a release said on Tuesday.

The ministry on March 16, 2024, invited R&D proposals under the mission from the industry. The last date for submission was April 12.

While the 'Call for Proposals' is receiving encouraging responses, some stakeholders have requested more time for submission of R&D proposals, the release said.

"In view of such requests and to allow sufficient time to the institutions for submitting good-quality proposals, the ministry has extended the deadline for submission of proposals to 27th April 2024," the ministry said.

The National Green Hydrogen Mission was launched on January 4, 2023, with an outlay of ₹19,744 crore up to 2029-30.

The ministry has issued guidelines for the implementation of the R&D Scheme under the National Green Hydrogen Mission. The R&D Scheme will be implemented with a total budgetary outlay of ₹400 crore till 2025-26.

Publication : Hindustan Times	Editions : New Delhi
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Green hydrogen push needs to be substantive

Net-zero emissions and green hydrogen are often mentioned together these days. At present, less than 1% of the hydrogen being produced is green, and that too in demonstration projects. Globally, about 70 million tonnes (mt) of hydrogen are being produced primarily through the steam methane reformation (SMR) process — releasing, according to the International Energy Agency (IEA), 830 mt of carbon dioxide (CO2) annually. Decarbonising the industrial sector and long-distance road transport, aviation, and shipping would be impossible unless green hydrogen is available.

Green hydrogen is difficult to produce because of several factors. First, producing each kilogram needs 50 units of power, with a 70% efficiency of electrolysers (as per an estimate by TERI). The International Renewable Energy Agency (IRENA) estimates that to achieve the Paris targets, 30% of the world's electricity use will have to be dedicated to green hydrogen by 2050; electrolyser capacity of 5,000 gigawatts (GW) would be needed. India is targeting to produce five mt of green hydrogen by 2030, and this alone would require 125 GW of renewable power. Further, we need renewable power delivered to the electrolyser through a dedicated line. One can't draw from the grid since this is expensive and has a high carbon intensity. Second, each kilogram of green hydrogen would require about nine litres of water, which could be an issue in water-deficit areas. Third, storage is a problem as hydrogen is inflammable and can escape easily. Ideally, it should be transported through pipelines over long distances (this is very capital-intensive). But, given its properties, hydrogen makes the pipelines brittle over time, leading to cracks. For short distances, transportation through trucks is a viable option. Transport by sea would require port infrastructure for storing and re-gasification. Incidentally, hydrogen can be blended with natural gas to an extent, and transported using natural gas pipelines. Fourth, hydrogen has very low density, hence it requires a large storage capacity unless the gas is converted to liquid form. Converting to liquid form would need temperatures of around 253 C below zero. All of this, again, requires a lot of energy that must be drawn from renewable sources.

Somit Dasgupta

Coming to the economics, green hydrogen costs $4-6/kg today — about three times the cost of grey hydrogen, made from natural gas via SMR. The two main components of the cost are electrolysers and renewable energy. There are primarily two types of electrolysers, alkaline and polymer electrolyte membrane (PEM). Though alkaline electrolysers are cheaper, PEMs have certain advantages — a smaller carbon footprint, for instance. PEMs can also be ramped up quickly to deliver hydrogen at a higher output pressure. The manufacture of PEM electrolysers, however, needs expensive catalyst materials. The cost of electrolysers can only come down when they are manufactured in bulk which, in turn, will happen only when the price of green hydrogen seems competitive vis-à-vis grey.

The government has earmarked ₹19,750 crore (~$2.3 billion) for the Green Hydrogen Mission. The lion's share (89%) will incentivise electrolyser manufacturing and production of green ammonia and green hydrogen. Research and development gets a mere 2% and pilot projects 7%. Green hydrogen costs $4-6/kg while grey costs $2-2.5/kg. The current incentives are unlikely to bridge the gap. These incentives should have been devised so as to bring green hydrogen's price to somewhere near grey's. The government probably should also introduce a fiat forcing certain end-users to adopt green hydrogen. But this would lead to an immediate increase in the cost of fertilisers.

In the case of electrolyser manufacturing, the incentives reduce the cost of electrolysers by barely 10%, which is not enough. Electrolyser manufacturers, after all, will need to have a back-to-back arrangement for sale to claim the incentives. The scheme is designed to support the manufacture of electrolysers totalling only 1.5 GW whereas the requirement is close to 40 GW if the 5 mt target is to be met. Besides, given how the scheme has been drafted — to illustrate, giving more weightage to "increase in indigenisation" while deciding on the winning tender — India will find it difficult to become a global hub for electrolysers. Also, this will promote the manufacture of alkaline electrolysers since PEM electrolysers need rare earth minerals that have to be imported.

The short point is the use of green hydrogen will involve considerable effort and pain and will not happen on its own steam.

Somit Dasgupta is senior visiting fellow, ICRIER. The views expressed are personal

Publication : Millennium Post	Editions : New Delhi
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BP expects rise in Q1 upstream energy output

London-listed oil major is scheduled to report its results on May 7

LONDON: BP, opens new tab said on Tuesday it expects first-quarter upstream production of both oil and gas as well as low-carbon energy to be higher than the previous three months, *Reuters* reported.

The London-listed oil major also expects strong results in oil and gas trading, along with a $100 million-$200 million boost from improved oil refining margins.

Lower realised prices, however, will mean a hit of $200 million to $400 million to its gas and low-carbon energy segment, BP said in its first trading outlook for 2024. For oil, lower realised prices will mean

an adverse impact of between $300 million and $600 million, it said, due in part to price lags on its production in the US Gulf of Mexico and the UAE.

BP is scheduled to report its results on May 7. Last week, rival Shell, opens new tab said in its first-quarter trading update that it expects significantly lower results from liquefied natural gas trading. AGENCIES

Publication : Millennium Post	Editions : New Delhi
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A risk-laden 'solution'

In the wake of mounting challenges on the climate front, geoengineering endeavours are gaining widespread traction despite concerns about efficacy and safety—necessitating a cautious approach and timely regulation

SHOVANLAL CHAKRABORTY

Geoengineering has an extra edge over other technologies to do something for the Earth's atmosphere

The market for geoengineering ventures is set to boom — from less than USD 10 billion today to as much as USD 135 billion by 2040

Have you ever thought of infusing clouds with sulphur dioxide to block the sun, or, vacuuming carbon dioxide out of thin air, or, adding iron to the ocean to draw greenhouse gases down to the sea floor. No matter what we have thought, all of these things are being tried now to save dear Earth. As recently as a few years ago, technologies designed to change Earth's atmosphere — what is broadly known as geoengineering — were considered too impractical, too expensive and too outlandish to be taken seriously. But days are changing.

The effects of climate change are becoming worse. And nations are not meeting their collective goal of slashing greenhouse gas emissions. The stakes are very real: Last year was the hottest in modern history. Oceans around the world are shockingly warm. Floods, fires and droughts are growing more intense. So, investors and entrepreneurs are trying — sometimes unilaterally — to fix that. Many scientists and environmentalists worry about the safety and efficacy of geoengineering. And some of the best-funded projects are bankrolled by the very oil and gas companies most responsible for the greenhouse gas emissions. Still, plans to intentionally tinker with the planet's atmosphere are racing ahead.

In Odessa, Texas, Occidental Petroleum is building the world's largest direct air-capture plant. The company plans to turn it on next year. The mechanics are relatively straightforward: giant fans blow air across water that has been treated to absorb carbon dioxide. Occidental then uses chemicals to isolate that CO2, mixes the gas with water and pumps it underground. Extreme subterranean pressure keeps the gas locked away forever. Most of the carbon dioxide it captures will be sequestered in bedrock, removed from the atmosphere for good. But at least some will be used to extract yet more oil from the ground, creating more of the greenhouse gases that are dangerously heating the planet. Another company in Iceland is also coming up with the same technology.

Other attempts to tweak the climate are still in their infancy. A California start-up claimed to have released sulphur dioxide into the atmosphere in Mexico without permission, hoping to block solar radiation. Afterward, Mexico imposed a ban on the process. Researchers in Massachusetts are investigating whether they could generate blooms of phytoplankton that would absorb carbon dioxide and settle on the seafloor. Critics of the air-capture plants like those in Texas and Iceland remain sceptical. The projects are enormously expensive and very energy-intensive and snag only a sliver of annual greenhouse gas emissions. Maybe they distract policymakers from the more urgent work of reducing fossil fuel emissions.

Despite these concerns, the market for these ventures is set to boom — from less than 10 billion dollar today to as much as 135 billion dollar by 2040, according to a geoengineering consulting group. Occidental is planning to build 100 plants in the coming years, funded in part by 1.2 billion dollars for the technology from the Biden administration in the US. The company wants to build similar plants in Kenya, Canada, Europe and Asia.

It's not unusual for a new technology to gain momentum before the major questions about its efficacy, safety and regulation are resolved. The question however remains, who deserves the right to alter the planet, and what burdens of proof should they first meet? Right now, there are no international standards governing these new technologies, even though they could affect the whole planet. We don't have a great track record of sustained global cooperation; we should keep that in mind. Geoengineering has an extra edge over other technologies to do something for the Earth's atmosphere. According to the experts, that is going to have detrimental effects in terms of saving the Earth from drastic change in weather.

Views expressed are personal

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Global Biofuels Alliance to prepare charter for switch

The objective of the alliance is to promote biofuels and lower the dependence on fossil fuels

Rituraj Baruah
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NEW DELHI

India- and US-backed Global Biofuels Alliance (GBA) is set to draw up a charter to achieve its objective of promoting biofuels and lowering the dependence on fossil fuels, two people aware of the developments said.

Talks are also underway on its governance structure including the creation of a governing body and a secretariat.

"We will now look at preparing the charter, which will help in finalizing the governance structure—executive body, secretariat and general secretary of the alliance. Talks for the governance structure have been ongoing for sometime now. But preparing the charter and finalizing the governance structure will take time," said one of the persons mentioned above.

Work at the alliance is currently taken up by its temporary executive committee. The person mentioned above also said that the temporary executive committee is likely to meet in April to discuss the way forward for the alliance. The meeting is expected to be on the sidelines of a G20 working group meeting in Brazil.

One of a series of meetings of G20 working groups, the Energy Transition Working Group would meet on 15 April.

"We are looking at having a physical meeting of the temporary executive committee of the alliance soon, may be in Brazil on the sidelines of upcoming G20 meetings in April," said the person, but added that the committee may not take major decisions on this front.

15 Apr
Energy Transition Working Group expected to meet

Queries mailed to the ministry of petroleum and natural gas remained unanswered till press time.

This would be second meeting of the temporary executive committee, which has representatives from all the member countries of the alliance. The committee had first met in December on the sidelines of the COP28 in the United Arab Emirates.

After the first meeting of the committee union minister for petroleum and natural gas Hardeep Singh Puri had tweeted: "Since the launch of #GBA by PM @narendramodi at #G20Summit2023 in New Delhi, we have successfully convened the first Temporary Executive Committee meeting, seen our membership swell to 22 countries & represented #GBA at #CoP28."

$201.2 bn
likely to be value of biofuels market by end of this decade

Conceptualized by India during its G20 presidency in 2023, the platform is aimed at bringing together the biggest consumers and producers of biofuels to drive development and deployment of biofuels and reduce the reliance on crude amid ambitious net zero goals.

The platform is aimed at bringing together the biggest consumers and producers of biofuels to drive development and deployment of biofuels. AFP

Panama and Burundi have joined the alliance since the last meeting, said the second person.

The eight G20 countries which are members of the alliance are Argentina, Brazil, India, Canada, Italy, Japan, South Africa and the US. The other member countries include Bangladesh, Singapore, Mauritius, UAE, Iceland, Kenya, Guyana, Paraguay, Seychelles, Sri Lanka, Uganda, Finland, Tanzania and Philippines.

The alliance launched on 9 September on the sidelines of the G20 Leadership Summit was initially conceptualized with a view to getting all G20 members on board. However, China, Russia and Saudi Arabia have so far stayed out.

Russia and Saudi Arabia are major crude oil producers. Further, several European countries have also refrained from joining due to concerns over deforestation caused by key source plants such as palm and soy.

In an interview to *Mint* in September, union minister for petroleum and natural gas Hardeep Singh Puri said that the alliance will work on the definition and specification of biofuels, and also increase international cooperation through a virtual marketplace.

According to Statista, in 2022, the global biofuels market was valued at nearly $117 billion and may reach $201.2 billion by the end of this decade.

Publication : The Economic Times	Editions : Kolkata
Date :10 April 2024	Page : 5

BRENT FUTURES AT $90.6

Oil Gains as Middle East Ceasefire Hopes Wane

Reuters

Oil prices edged higher on Tuesday, after hopes diminished that negotiations between Israel and Hamas would lead to a ceasefire in Gaza, and on Mexico's plan to remove more crude from the global market. Brent futures rose 0.31% to $90.66 a barrel. U.S. West Texas Intermediate (WTI) crude futures were up 24 cents or 0.28% at $86.67.

On Monday a fresh round of Israel-Hamas ceasefire discussions in Cairo had ended a multi-session rally, leading Brent to its first decline in five sessions and WTI to its first in seven on prospects for a breakthrough.

However, Israeli Prime Minister Benjamin Netanyahu saying that a date had been set for Israel's invasion of the Rafah enclave in Gaza ended hopes that tensions in the region might be easing, said IG analyst Tony Sycamore in a note.

The continuation of the conflict keeps alive the risk that other countries could be drawn in, especially Iran which is a major Hamas backer and the third-largest producer in the Organization of the Petroleum Exporting Countries (OPEC). Adding to concerns of a tight market, Mexico's state oil company Pemex said it would reduce crude exports by 330,000 barrels per day so it can supply more to domestic refineries, cutting the supply available to the company's U.S., European and Asian buyers by one-third.

Pemex had already cut its April exports by 436,000 bpd. Investors are also awaiting inflation data due from the U.S. and China for further signals on the economic direction of the world's top two oil consumers, as well as an interest rate decision from the European Central Bank on Thursday.

"The fate of interest rates and if there can be a reduction in 2024 is at stake and the rally in oil is making it harder for anyone believing that inflation is under control," said PVM analyst John Evans.

Publication : The Economic Times	Editions : Mumbai
Date :10 April 2024	Page : 12

2013-14 TO 2023-24...

Consumption of Petrol Doubles in a Decade

Annual consumption of the vehicular fuel up 117%, diesel use rises 31%, LPG 82%

Sanjeev.Choudhary
@timesgroup.com

New Delhi: India now consumes more than double the petrol it used a decade ago as new and larger vehicles are selling at a scorching pace. Diesel consumption is up by about a third while the overall oil demand is up by half.

"The data show that fossil fuels continue to be in demand despite policy push for EVs (electric vehicles) and renewables. From the trajectory of demand numbers, it appears that oil will continue to be in demand for some time and peak oil demand in India is not likely before 2040," said Mukesh Surana, CEO, Ratnagiri Refinery & Petrochemicals. "It's a positive trend for Indian refiners, at least for the next 10 years."

Between 2013-14 and 2023-24, the annual consumption of petrol increased 117%, diesel 31%, aviation turbine fuel 50% and LPG 82%, according to the petroleum and natural gas ministry data. Kerosene consumption slumped 93% during this period as the government's clean cooking drive increased access to LPG.

Preference for petrol-powered vehicles has grown in a decade as deregulation has sharply shrunk the traditional price advantage diesel previously enjoyed. "Petrol vehicles also require lower maintenance, and are now available in EV hybrid variants," said Surana, who was earlier chairman of Hindustan Petroleum Corporation. Petrol consumption has also been boosted by more people buying cars after Covid-19, higher disposable income and an aspirational middle class, he said.

On the other hand, the diesel demand, which makes up about 38% of India's total oil consumption, has been impacted by improved power supply which has reduced the demand for backup diesel powered-generators. The growing adoption of solar farm pumps also weighs on agricultural diesel demand. "Improved road infra, removal of entry taxes post implementation of GST and use of fastags have helped in cutting unnecessary burn of fuels, and in a way negatively impacted fuel demand, especially of diesel," said Surana.

Publication : The Hindu Business Line	Editions : New Delhi
Date :10 April 2024	Page : 1, 3

Fuel usage surges as industry hums

Rishi Ranjan Kala
New Delhi

The country's petrol and diesel consumption surged to its second-highest levels in March, while jet fuel usage hit an-all time high, reflecting the fast expanding industrial base.

Details p3

Publication : The Hindu Business Line	Editions : New Delhi
Date :10 April 2024	Page : 1, 3

Fuel usage surges as industrial, political activity intensifies

TANKING UP. Petrol, diesel use in March second highest; jet fuel, too, was at all-time high

Rishi Ranjan Kala
New Delhi

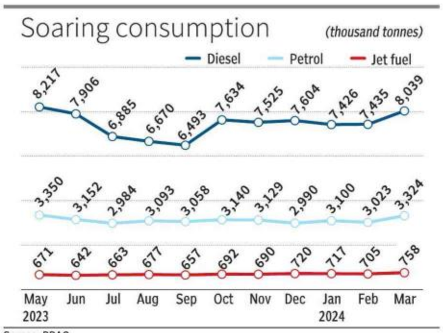
India's petrol and diesel consumption surged to its second-highest levels on record in March 2024, while jet fuel usage hit an-all time high, reflecting the country's fast expanding industrial base and growing demand for personal and commercial mobility.

Besides, higher consumption also points to the growing air and road travel as political parties and politicians criss-cross the country for campaigning ahead of the elections to Lok Sabha, which commences on April 19 and concludes on June 1.

According to the Petroleum Planning and Analysis Cell (PPAC), diesel consumption in the world's third largest fuel guzzler rose 8 per cent m-o-m and 3 per cent y-o-y to 8.04 million tonnes (mt), the second highest in FY24 as well as on record. The usage of the fuel—the mainstay of the transport sector—rose to a record 8.22 mt in May 2023.

Similarly, petrol consumption grew 10 per cent m-o-m and 7 per cent y-o-y to 3.32 mt. This is also the second highest for the last financial year as well as the second highest so far. Usage of motor spirit—a personal mobility favourite—hit its highest in May 2023 (3.35 mt).

In a sign that a growing number of people are opting for air travel, the world's fastest growing air passenger market consumed 7,58,000 tonnes of jet fuel—the highest on record. It was also higher by 8 per cent m-o-m and 10 per cent y-o-y.



Source: PPAC

MOBILITY GROWTH

Analysts and market players attribute the rising consumption, a proxy for oil demand, to growth in personal and commercial mobility. Besides, March is the month during which industrial and construction activities picks up pace.

Historically, March also witnesses heightened activity due to financial year closing, which also reflects in higher sales of auto fuels.

An official with a refiner said that campaigning by the political parties for the upcoming Lok Sabha elections is also resulting in higher sales of auto and jet fuels. "Politicians and party workers are holding rallies across the country leading to more demand for choppers, small aircrafts, cars, SUVs and buses. This will continue right up till June and will reflect in sales," he added.

For FY24, the consumption of diesel and petrol at 89.65 mt and 37.22 mt, respectively, is an all-time high. However, usage of jet fuel at 8.25 mt is still below pre-pandemic levels. Jet fuel consumption in FY19 stood at 8.30 mt.

The total consumption of refined petroleum products in FY24 rose by 4.6 per cent y-o-y to 233.276 MT, which is also an all-time high.

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Rupee might consolidate with a bullish bias

Akhil Nallamuthu
BL Research Bureau

The rupee (INR) has largely been charting a sideways trend against the dollar (USD) over the past few sessions. It closed at 83.32 on Monday. The Indian currency markets were closed on Tuesday on account of a public holiday.

WEEKLY RUPEE VIEW.

The Indian currency is getting some breather as the dollar lost its upward momentum recently. That said, despite the dollar index softening, the rupee remained flat, potentially due to rising crude oil prices. The Brent crude oil futures has rallied a little over 8 per cent since the end of February.

Rupee and the crude oil price holds an inverse relationship, as India is a big importer of oil, hardening crude oil prices. This can weigh on the local currency.

The foreign inflows could only partially offset the negative impact of the crude oil prices. According to the NSDL (National Securities Depository Limited) data, the net FPI (Foreign Portfolio Investors) inflows so far in April stood at $290 million.

CHART

Along the expected lines, the rupee continues to trade within a range. The chart shows that 83.25 and 83.55 are the boundaries. Only a breach of either of these levels can open up the possibility of the next leg of trend.

If the rupee breaks out of 83.25, it can potentially rally to 83, a considerable resistance. Subsequent resistance is at 82.80. On the other hand, if the rupee slips below 83.55, it can decline to 83.80 or even to 84.

The dollar index (DXY) fell off the resistance at 105 last week. It is currently trading at 104.20. The nearest support can be spotted at 103.60. A breach of this level can drag DXY to 102.70. A drop below this level is less likely. In case DXY starts to recover and rallies past 105, it can go up to 106 or even to 106.80.

OUTLOOK

As it stands, the likelihood of the 83.25-83.55 range remaining valid is high. But since the dollar might depreciate in the near-term, the rupee might rise above 83.25, possibly towards 83.10 or 83. That said, a sharp rally in crude oil prices or a recovery in the dollar can keep the rupee under pressure.

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Crude oil prices up as ceasefire hopes wane

London: Crude Oil prices edged higher on Tuesday, after hopes diminished that negotiations between Israel and Hamas would lead to a ceasefire in Gaza, and on Mexico's plan to remove more crude from the global market. Brent crude futures rose 28 cents, or 0.31 per cent, to $90.66 a barrel by 1002 GMT. REUTERS

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Govt sets up panel to monitor thermal power capacity additions

TRACKING PROGRESS. The panel will conduct site inspections and identify hurdles to project implementation

Rishi Ranjan Kala
New Delhi

The Power Ministry has set up the Thermal Power Monitoring Group (TPMG) that will regularly track the progress of upcoming thermal power plants (TPPs) in the country. The development assumes significance as the Ministry has planned to add a total of 80 gigawatts (GW) of thermal capacity by FY32 in line with a growing appetite for electricity from commercial and industrial (C&I) as well as households with peak power demand expected to rise to 366 gigawatts (GW) by 2032 from 240 GW in 2023.

POWERING UP. The Ministry plans to add 80 GW thermal capacity by FY32, meeting rising electricity demand RAJESH N

THE MEMBERS

Power Minister R K Singh approved the setting up of an independent TPMG, which will conduct site inspections and provide an assessment of each site of the TPP under implementation by a Central or State utility and Independent Power Producers (IPPs). TPMG will be headed by the Central Electricity Authority's (CEA) member (Thermal). The members also include a Chief Engineer or higher-level officer from the CEA.

Besides, six retired senior officers from the CEA, NTPC and Damodar Valley Corporation will also be part of the panel and will be selected by the Ministry.

Arindam Ghosh, Partner Power Advisory, Nangia Andersen India, said an institutionalised structure along with a close monitoring mechanism is essential to ensure that targeted capacity addition is achieved. "In addition to the stated constitution, it is recommended that the group should also include members from other functional ministries such as Finance, Coal, Environment, DPIIT, etc. This will help to have an overall view of the capacity additions and engage with all stakeholders. The proposed group can also have representation from states, financiers, manufacturers, project developers system integrators and experts with domain expertise for ensuring holistic ecosystem development," he suggested.

TERMS OF REFERENCE

TPMG members will visit the TPPs under implementation inspection to observe first-hand progress made by the project developers and based on their assessment, will submit a progress report to the group. The TPMG will compare the progress report with the progress being reported by project proponents directly to the CEA. Based on both, the authority will submit a realistic position about the progress during the capacity addition review meetings.

The members can also share their insight into any hindrance that the project may face in future based on their assessment.

The high-level panel will identify challenges being encountered during the implementation phase and evaluate the effectiveness of the mitigation strategies employed by the developers. The TPMG will prepare a detailed report outlining the findings of the site visit and progress review, including observations and any deviations from the proposed timelines.

The Members have to submit a progress review report within seven working days after a site visit.

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TODAY'S PICK.

Petronet LNG (₹288.20): BUY

Gurumurthy K
bl. research bureau

The short-term outlook is bullish for Petronet LNG. The stock has been moving up since the last week of March. A resistance coming up at ₹293, which can be tested this week. However, the price action on the chart indicates a high chance of this resistance being broken. Such a break can boost the bullish momentum.

Petronet LNG stock price can surge to ₹315 over the next two to three weeks. Support is at ₹280. When the stock breaks above ₹293, that level will become a support. Traders can go long now at ₹288.

Petronet LNG

Accumulate on dips at ₹282. Keep the stop-loss at ₹273. Trail the stop-loss up to ₹292 as soon as the stock moves up to ₹296. Move the stop-loss further up to ₹298 when the price touches ₹305. Exit the stock at ₹313.

Note: The recommendations are based on technical analysis. There is risk of loss in trading.

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Bad news on crude price front

With tensions in the Middle East showing no signs of abating, easing Russia sanctions is the way out. But that seems unlikely

THE WIDER ANGLE.

PARAN BALAKRISHNAN

OIL SLICK. India continues to be a major buyer of Russian oil. The world must brace up for higher oil prices REUTERS

The timing for US President Joe Biden who's facing a very close election fight couldn't be worse. The Russia-Ukraine war shows no sign of ending. In Israel, it's looking like Prime Minister Benjamin Netanyahu wants to keep fighting the Gaza war forever. Huge crowds turned out in Tel Aviv Monday calling on Netanyahu to quit. Netanyahu knows an end to his governing coalition and his judicial reckoning will come when the fighting against Hamas stops.

Even Israelis now are saying Netanyahu may want to drag on the war as long as possible to avoid his day in court. Bombing the Iranian embassy in Damascus was a reckless, virtually unprecedented act. The world's holding its breath and waiting for the inevitable Iranian retaliation.

In anticipation, the global benchmark Brent crude price has surged above $91, up from $84 before Hamas attacked Israel last October and the below $80-level where prices stabilised following Russia's Ukraine invasion.

Analysts say it's more than likely crude prices will head toward $100 for the first time in nearly two years, especially if Iran chooses to launch a major strike-back which would restrict Iran's oil flow and potentially other regional producers. OPEC production cuts, big Mexican crude export curbs and Houthi rebel attacks on tankers in the Red Sea are also pinching supplies.'

Prime Minister Narendra Modi will probably be lucky because his electorate will not be feeling the impact of rising oil prices when they cast their votes. But gasoline prices in the US have been drifting upward this year — they're now $3.60 per gallon, up from $3.20 in January.

For Biden, it will be bad news if oil prices soar to the sensitive touchy $4-mark or even $5 a gallon as some analysts forecast may happen with the US summer driving season looming. Voters have a habit of punishing presidents on whose watch gas prices rise. Biden can dip into the US oil stockpile, already at 40-year lows. But that could lead to charges of oil reserve mismanagement.

RUSSIA OIL

Biden has one solution that might immediately send oil prices southward. India's faced criticism for buying Russian oil but it's always been clear that if India stopped buying, it would result in an instant negative shock to global supplies and prices. Easing up on sanctions and allowing Russian oil exports to flow more freely would have a rapid positive supply impact.

But the US has been doing the exact opposite in the last few months. It's been tightening the screws. The US Treasury Department's Office of Foreign Assets Control (OFAC) is squeezing Russia's 'Dark Fleet' that's been ferrying oil to different corners of the world.

> **For Biden, it will be bad news if oil prices soar to the sensitive touchy**
> $4-mark or even $5 a gallon as some analysts forecast may happen

The result is 40 vessels, or 15 per cent of Russia's shadow fleet is now banned from many ports globally, including India. And in February, OFAC moved against the Russian state-owned shipping giant Sovcomflot. It also added 14 tankers partly owned by Sovcomflot to its banned list. Sovcomflot is thought to form a quarter of Russia's Dark Fleet. The Russians have, according to analyst Craig Kennedy, spent $8.5 billion to buy ageing, often poorly maintained ships in the global market.

Nevertheless, despite the sanctions and the fact Russian discounts have fallen steeply, India's still lapping up Russian crude. In 2023, Russia emerged as India's top oil supplier and we purchased $37 billion worth of Russian crude, up from virtually zilch before the Ukraine conflict.

Buying of Russian crude is "by no means the exclusive behaviour of a select few. All of India's commercial-scale refineries with access to coastal ports are buying," says Viktor Katona, lead crude analyst, at Kpler, a global trade intelligence consultancy. Reliance got in the game first on a large-scale but IndianOil has now overtaken it.

India is a difficult market for Russia to serve: it requires a larger number of ships to bring crude all the way here. But India now is an even more valued Russian customer than before because due to sanctions other countries like South Korea have stopped buying Russian crude. Only the Chinese continue as the biggest buyer globally. It's "unlikely India will fall below the 1.5 million/mbd pace of Russian purchases over the course of 2024," Katona says.

All in all, though, the world needs to brace for higher oil prices. And say goodbye to rate cut hopes. With the US – and Indian – economies growing more vigorously than expected and inflation sticky here and abroad, caution will be the driving force for central bankers amid fears that a sustained oil cost uptick will fuel prices.