ONGC News 12.06.2022 Print

Uptrend intact

₹10,000-mark in sight for MCX futures

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Despite the dollar strengthening over the past couple of weeks, crude oil prices did not face much downside pressure. Even though there was some fall towards the end of last week, Brent futures on the Intercontinental Exchange (ICE) and crude futures on the Multi Commodity Exchange (MCX) ended up with gains.

This shows the real trouble is with respect to supply of the energy commodity. The fear of recession and the consequent concerns over the demand for crude oil could not drag the prices as the tightness in the supply seems to be very significant. Crude oil futures staying in backwardation is further evidence to current demand staying higher than the supply.

Therefore, going ahead, unless there is a real drop in demand or a significant progress in easing of the geopolitical situation, the prices of crude oil cannot drop from current elevated levels.

Worryingly, according to the data available from Petroleum Planning and Analysis Cell (PPAC), the Indian basket of crude oil hit a decade high of $121.28 a barrel last week. This can go up further putting a strain on the Indian consumers as well as the trade balance of the country.

Brent futures ($122)

The continuous Brent futures contract on the ICE gained 1.9 per cent last week and ended at $122 a barrel as against $119.72 by the end of preceding week. Henceforth, the price band of $120-122 will act as a good base and limit the downside. Although $130 can be a resistance as Brent futures move ahead, there is a good chance for it to retest the lifetime high of $139.13.

Therefore, as long as the contract hovers above $120 mark, the likelihood of the contract rallying to $130 is high. The price area of $130-133 is a resistance band. On the other hand, if the contract falls below $120, there may be short-term weakness where the price could moderate to $115 and then possibly to $100. But this is a less probable event and a break below $100 may not happen anytime soon.

MCX-Crude oil (₹9,399)

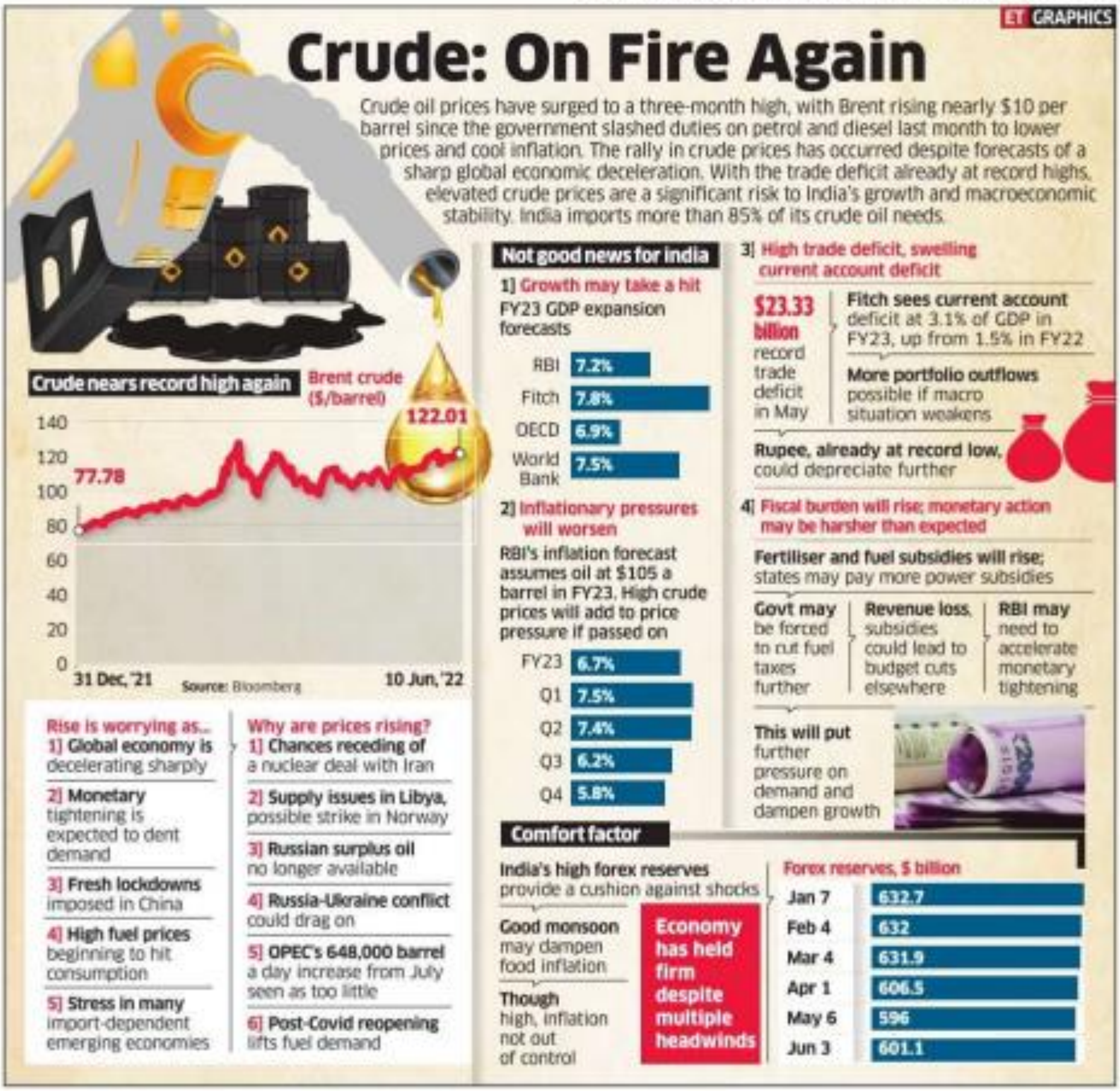
The crude oil futures on the MCX posted a gain of 1.8 per cent last week and closed at ₹9,399 versus preceding week's close of ₹9,235, marking the seventh straight weekly gain.

In line with our expectation, the contract hit ₹9,500 levels as it registered an intraweek high of ₹9,559 on Wednesday. Going ahead, the crude futures is all set to extend the rally and touch the psychological level of ₹10,000. But note that there can be a price correction after the contract rallies to that level.

From the current levels, supports can be spotted at ₹9,000 and at ₹8,600. A decline below these levels, at least in the next couple of weeks, looks less likely.

We suggested long positions at around ₹8,000 a couple of weeks back. As it stands, the revised stop-loss for these positions will now be at ₹8,600. One can continue to hold the longs for a target of ₹10,000.

Crude: On Fire Again	Economic Times	1	Bureau



US Gasoline Average Price Tops $5 per Gallon in Historic First	Economic Times	7	Bureau

US Gasoline Average Price Tops $5 per Gallon in Historic First

Washington: The national average price for US gasoline rose above $5 a gallon for the first time on Saturday, according to data from the AAA, extending a surge in fuel costs that are a central feature of rising inflation overall.

The national average price for regular unleaded gas rose to $5.004 a gallon on June 11 from $4.986 a day earlier, AAA data showed.

Gasoline prices have been a headache for President Joe Biden and congressional Democrats as they struggle to maintain their slim control of Congress with midterm elections coming up in November.

Biden has pulled on numerous levers to try to lower prices, including a record release of barrels from US strategic reserves, waivers on rules for producing summer gasoline, and leaning on major OPEC countries to boost output. Yet fuel prices have been surging around the world due to a combination of rebounding demand, sanctions on oil producer Russia after its invasion of Ukraine, and a squeeze on refining capacity. U.S. road travel, however, has remained relatively strong, just a couple of percentage points below pre-pandemic levels, even as prices have risen.

Still, economists expect demand may start to decline if prices remain above $5 a barrel for a sustained period.

"The $5 level is where we could see very heavy amounts of gasoline demand destruction," said Reid L'Anson, senior economist at Kpler.

Adjusting for inflation, the US gasoline average is still approximately 8% below June 2008 highs around $5.41 a gallon, according to U.S. Energy Department figures.

Consumer spending has so far remained resilient even with inflation running at its highest level in more than four decades, with household balance sheets shored up by pandemic relief programs and a tight job market that has fueled strong wage gains, especially for lower-income workers.

Gasoline product supplied, a proxy for demand, was 9.2 million barrels per day last week, according to the U.S. Energy Information Administration, broadly in line with five-year seasonal averages.

The high prices for drivers come as major oil-and-gas companies post bumper profits.

Shell reported a record quarter in May and Chevron Corp and BP have posted their best numbers in a decade.

Other majors, including Exxon Mobil and TotalEnergies, as well as US independent shale operators, reported strong figures that have spurred share repurchases and dividend investments.—**Reuters**

'Exxon Made More Money Than God'

Los Angeles: President Joe Biden accused Exxon Mobil Corp. and other oil companies of exploiting the high price of gasoline, after a report showed inflation soaring to a new 40-year record.

"We're going to make sure everyone knows Exxon's profits. Exxon made more money than God last year," Biden said during an event at the port of Los Angeles. Exxon reported net income of $23 billion in 2021 and has earned nearly $26 billion over the last 12 months.

The price of regular gasoline averaged $4.99 per gallon nationwide on June 10, according to the auto club AAA.

Biden also pressured domestic oil companies to ramp up production, saying they would rather buy back their own stock than drill on land where they have permits.

"The reason they're not drilling is they're buying back their own stock, which should be taxed quite frankly, buying back their own stock and making no new investments," Biden said.

A spokesman for Exxon, Casey Norton, said that the company has "been in regular contact with the administration, informing them of our planned investments to increase production and expand refining capacity in the United States." —**Bloomberg**

75 years of robust partnership	Financial Express	16	Bureau

75 years of robust partnership

Russia and India are exploring new areas of cooperation, with growth in bilateral trade on top of the agenda

THE 75th anniversary of the establishment of diplomatic relations between Russia and India, shines the light on a partnership characterised by warmth, mutual respect and longstanding decades of trusted cooperation. Bilateral ties with Russia remain a key pillar of India's foreign policy, despite many fundamental changes at the global level over the past few decades. Indo-Russian ties acquired a new dimension in the year 2000, with the signing of the "Declaration on the India-Russia Strategic Partnership" during a visit to India by President of the Russian Federation Vladimir Putin. The strategic partnership between both nations dramatically enhanced levels of cooperation taking place in almost all areas of the bilateral relationship including political, security, trade and economy, defence, science and technology and culture. The Indo-Russia strategic partnership was further elevated to the level of a "special and privileged strategic partnership" during the 2010 visit of then Russian President Dmitry Medvedev.

The highest institutionalised dialogue mechanism in the strategic partnership between India and Russia takes place under the auspices of the Annual Summit meeting between the Prime Minister of India and the President of the Russian Federation. So far, 21 Annual Summit meetings have taken place alternatively in India and Russia. The latest of these took place in December 2021 during President Putin's working visit to New Delhi, during which happened the first meeting of the 2+2 Dialogue of Foreign and Defence Ministers. Discussions also took place on the proposed Chennai-Vladivostok Eastern Maritime Corridor.

Both nations have set a target of increasing bilateral trade to $30 billion and bilateral investment to $50 billion by 2025. India continues to view Russia as a longstanding and time-tested friend that has played a significant role in its economic development and security. Trade and defence ties are at the top of the agenda of two Inter-Governmental Commissions – one on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC), co-chaired by EAM and the Russian DPM, and another on Military Technical Cooperation (IRIGC-MTC) co-chaired by Russian and Indian Defence Ministers.

Bilateral trade in services between both nations has been stable over the last five years and stood at $973.6 million for the year 2020, as compared to $999 million in 2018. Bilateral trade from April 2020-March 2021 amounted to $9.31 billion, with Indian exports amounting to $3.48 billion and imports from Russia totalling $5.83 billion. In comparison, bilateral trade from January-September, 2019 was lower at $7.55 billion. Prior to the pandemic, in 2017-18, India's main imports from Russia were related to mineral fuels, mineral oils and products of their distillation; natural or cultured pearls, precious or semi-precious stones, precious metals; nuclear reactors, boilers, machinery; electrical machinery and equipment and fertilisers. In the same period, India's main exports to Russia were related to pharmaceutical products; electrical machinery and equipment; nuclear reactors, boilers, machinery and organic chemicals.

India has been particularly active with investments in Russia's hydrocarbons sector in its search for energy security. Both nations are working towards realisation of an 'Energy Bridge' between them, which will be based on robust civil nuclear cooperation, LNG sourcing, partnership in the Oil and Gas sector, and engagement in renewable energy sources. Cumulative Indian investments into Russia between 2000 and 2014 amounted to $8 billion, the bulk of which was in the hydrocarbon sector. Some of the major investments by Indian companies in Russia include ONGC Videsh Ltd. in Sakhalin-I Project ($2.2 bn); Imperial Energy ($2.1 bn); Commercial Bank of India Ltd. (JV of SBI and Canara Bank); ICICI Bank in its subsidiary ICICI Bank Eurasia; KGK Group ($50 mn); Advance Pharma (1.5 bn Ru). In 2017, Russia's Rosneft acquired ESSAR's Vadinar refinery in India in a deal worth $12.9 billion, which remains one of the biggest Russian investments in India in recent times. There yet remains much more headroom for trade between both nations.

Efforts to increase India's engagement with the Russia Far East Region have also increased since 2019, in continuation of the 'Act-Far East focus' and NITI Aayog and the Ministry for Development of Russian Far East and Arctic of the Russian Federation are in the process of finalising a five-year programme (2021-2025) of cooperation in the region.