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Global oil demand unlikely to get vaccine boost until later in 2021, says IEA

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Global oil demand unlikely to get vaccine boost until later in 2021, says IEA

Revises down its outlook for global oil demand for 2020 by 400,000 bpd; says current fundamentals are too weak to offer firm support to prices



REUTERS
London, 12 November

Global oil demand is unlikely to get a significant boost from the roll-out of vaccines against Covid-19 until well into 2021, the International Energy Agency (IEA) said on Thursday, a view that curbed oil price gains since vaccine progress was announced earlier this week.

“It is far too early to know how and when vaccines will allow normal life to resume. For now, our forecasts do not anticipate a signifi-

cant impact in the first half of 2021,” the Paris-based IEA said in its monthly report.

“The poor outlook for demand and rising production in some countries ... suggest that the current fundamentals are too weak to offer firm support to prices.”

Brent crude fell 0.8 per cent to \$43.46 a barrel in early London trade, snapping three straight days of gains.

While noting that Organisation for Economic Co-operation and Development (OECD) countries had

Brent Crude	WTI Crude oil
\$43.60	\$41.24
▼ 20 cents	▼ 21 cents

AT 06:05 PM IST

modestly drawn down their crude oil stocks for two months in a row by September, the IEA said that storage levels were still not far from peaks in May at the height of the pandemic.

It cited a resurgence of Covid-19 infections in Europe and the United

States and renewed lockdown measures for revising down its outlook for global oil demand for 2020 by 400,000 barrels per day (bpd) compared with its last estimate.

The picture was partly brightened by improved expectations for China and India, where the IEA raised its demand forecast.

Still, the forecast assumed no new waves of the pandemic.

Plans by the Organization of the Petroleum Exporting Countries (Opec) and allies such as Russia to boost output by 2 million bpd from

January would mean supply would outweigh demand, the IEA warned.

Draws on oil storage would halt in the first quarter of 2021 if the producer group carried through on its plans to taper their production cut pact.

“Unless the fundamentals change, the task of re-balancing the market will make slow progress,” the IEA said. The IEA revised up its prediction for demand growth in 2021, which will still represent a drop of 3 million bpd below pre-pandemic levels in 2019.

HC junks pleas against BPCL disinvestment

THE BOMBAY HIGH Court on Thursday dismissed a bunch of public interest litigations challenging a 2019 decision of the Union government granting in-principle approval for disinvestment of its stake in Bharat Petroleum Corporation(BPCL). A bench of Justices SC Gupte and Madhav Jamdar held in its judgement that the decision must have been taken after an “elaborate process of consideration” by experts.



**IEA cuts oil-
demand
outlook as
corona
vaccines won't
rescue market**

India's fuel demand rose 2.1% in Oct

INDIA'S FUEL DEMAND rose 2.1% in October compared with the same month last year.

Consumption of fuel, a proxy for oil demand, totalled 17.78 million tonne, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed.

Sales of gasoline, or petrol, were 4.5% higher from a year

earlier at 2.65 million tonne.

Liquefied petroleum gas (LPG) sales increased 2.6% to 2.42 million tonne, while naphtha sales surged 17.1% to 1.30 million tonne.

Sales of bitumen, used for making roads, were 58.4% up, while fuel oil use edged up 13.2% in October.

— REUTERS

Petronet LNG steps away from Tellurian deal

OUR BUREAU

New Delhi, November 12

Petronet LNG has distanced itself from investing in Tellurian Inc's proposed Driftwood LNG terminal in Louisiana, US. Petronet LNG Director (Finance), Vinod Kumar Mishra, said LNG is available cheap and going in for an investment is not lucrative now.

In September 2019, Petronethad signed an MoU to buy up to 5 mtpa of LNG from Tellurian's proposed Driftwood LNG terminal for 40 years.

No plan to invest in Tellurian terminal, says Petronet LNG

OUR BUREAU

New Delhi, November 12

Petronet LNG has distanced itself from an investment in Tellurian Inc's proposed Driftwood LNG terminal.

Speaking to reporters a day after announcing the quarterly results, Petronet LNG's Director (Finance), Vinod Kumar Mishra, said that Liquefied Natural Gas (LNG) is available cheap and going in for an investment is not lucrative right now.

"Regarding Tellurian I have always clarified, people are more preoccupied with that agreement. I want to clarify again that this is a non-binding agreement, and there is no obligation on either of the parties to do anything. This is just an agreement to explore the possibilities of any deal, which so far has not emerged," he said. In September 2019, Petronet LNG



had signed an Memorandum of Understanding (MoU) to purchase up to 5 million tonnes per annum of LNG from Tellurian Inc's proposed Driftwood LNG

terminal for 40 years. The agreement also said that Petronet LNG and Tellurian would consider an investment of \$2.5 billion for an 18 per cent stake in the Driftwood LNG terminal.

The initial timeline for agreement aimed to conclude the transaction by March 31. This timeline was later extended till December-end.

"Right now, a lot of cheaper LNG is available with us, without any investment, so why

should we at all go for an investment. This is the question," said Mishra.

"A lot of LNG is (now) available in the market at a throwaway price. So, the concept of investment in a terminal was initially there because we are not getting very competitive rates of LNG," he said.

Cheaper LNG

According to Mishra, the thought of going for an investment in liquefaction terminals was because Petronet LNG could get cheaper LNG.

"People are ready to invest in liquefaction terminals without a long-term contract on their balance sheet... There is no need as of now to go for investment. We had done that agreement, (but) so far there is no progress in that agreement," he added.

Profit falls to ₹919 crore in Q2

OUR BUREAU

New Delhi, November 12

Petronet LNG Limited has reported consolidated profit of ₹919.47 crore for the second quarter of FY21.

This is lower than the consolidated profit of ₹1,089 crore re-

ported in the same period last year.

Consolidated total revenue also declined to ₹6,377.66 crore in the quarter under review. This was also down from ₹9,449.70 crore reported in the previous quarter.

Tellurian deal: Petronet says no plans to invest in LNG

PRESS TRUST OF INDIA

New Delhi, November 12

IN SIGNS IT may shelve the \$2.5 billion Tellurian deal, Petronet LNG on Thursday said it has no plans to invest in LNG projects as the market is awash with cheaper fuel.

Petronet, India's biggest gas importer, had on September 21, 2019, signed a memorandum of understanding (MoU) for the purchase of up to 5 million tonne per annum of liquefied natural gas (LNG) from Tellurian's proposed Driftwood LNG terminal for 40 years.

The deal was concurrent with Petronet making an equity investment of \$2.5 billion for an 18% stake in Driftwood.

The September MoU contemplated the conclusion of the transaction by March 31, 2020, but the timeline was extended twice, the latest till December-end.

In the post-second-quarter earnings call, Petronet director, finance, V K Mishra said the Tellurian deal is non-binding and "there is no obligation on either party". "LNG is available at a throwaway price and so there appears to be no need to invest in liquefaction terminals," he said.

The MoU with Tellurian envisages exploring options for a deal, which so far hasn't happened, he said, adding the deal was to secure LNG at cheaper rates.

But with the fuel being available in abundance at a throwaway price, there appears to be no need for investment, he said. "It is not lucrative to invest," he said.

Mishra said the company, which operates two LNG import facilities at Dahej in



Petronet operates two LNG import facilities at Dahej in Gujarat and Kochi in Kerala (in picture). PHOTO: BLOOMBERG

Gujarat and Kochi in Kerala, is continuing to discuss a new long-term LNG contract linked to spot or current prices.

Petronet is also looking at expanding the Dahej terminal's capacity to 19.5 million tonne per annum from the current 17.5 million tonne by adding additional storage tanks, he said.

The firm is awaiting final approval from Sri Lankan authorities to build a floating LNG terminal in the island nation for about \$300 million.

US energy upstart Tellurian had failed to qualify in a tender for supply of competitively priced gas.

Hoping the repeat his success at Cheniere Energy — the US liquefied natural gas pioneer — energy tycoon Charif Souki launched Tellurian four years ago, but the 27.6 million tonne per annum (mtpa) plant, costing \$30 billion, remains unbuilt years after construction was due to begin.

October fuel demand rises by about 2.5%

REUTERS

India's fuel demand rose about 2.5% in October compared with a year earlier, data from the Petroleum Planning and Analysis Cell of the oil Ministry showed on Thursday.

Consumption of fuel, a proxy for oil demand, totalled 17.78 million tonnes, the data showed. Demand for diesel, widely used for transportation as well as for irrigation needs in India, climbed 7.4% year-on-year to 6.99 million tonnes. Sales of gasoline, or petrol, rose about 4.3% to 2.65 million tonnes. Cooking gas, or liquefied petroleum gas, sales increased about 3% to 2.42 million tonnes, while naphtha sales rose 15% to 1.3 million tonnes.