

'Oil Prices Should Start to Stabilise in First-half of 2019'

Russia's energy minister attributes fall in oil prices to macro factors

Reuters

Moscow: Russian Energy Minister Alexander Novak said on Tuesday that oil prices, which fell by more than a third this quarter, would become more stable in the first half of 2019.

The Organization of the Petroleum Exporting Countries (Opec) and other large oil producers led by Russia agreed earlier this month to cut their combined crude output by 1.2 million barrels per day from January in order to stem the fall in

oil prices.

"I think that during the first half, due to joint efforts, which were confirmed by the Opec and non-Opec countries this December, the situation will be more stable, more balanced," Novak said in an interview on Rossiya-24 TV.

Novak also said there were no proposals for an extraordinary meeting with Opec, and he attributed the fall in oil prices to macroeconomic factors.

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 **ALEXANDER NOVAK**
Russian Energy Minister

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Indian Oil may drop plan to buy stake in Mundra terminal

Kalpana Pathak and Maulik Pathak

■ kalpana.p@livemint.com

MUMBAI/AHMEDABAD: State-run Indian Oil Corp. Ltd (IOCL) may drop its plan to acquire as much as 50% stake in the Mundra LNG terminal in Gujarat, three officials aware of the development said. In August 2017, Indian Oil said it has received an in-principle approval from its board to buy a 50% stake in the 5 million tonnes per annum terminal (mtpa) for around ₹750 crore.

The ₹5,000 crore project is being built by GSPC LNG Ltd, a unit of Gujarat State Petroleum Corp. Ltd (GSPC). Currently, GSPC owns a 50% stake in the project, while Adani group holds 25%. Adani and GSPC were looking at inducting a strategic partner such as Indian Oil.

“IOCL recently informed GSPC LNG that it would not like to go ahead with its plans of picking up a stake in the terminal,” said a Gujarat government official aware of the discussions.

It is, however, not clear if Indian Oil would still book LNG import capacity in the terminal.

Indian Oil did not respond to an email sent last week. A GSPC group official declined to com-

ment on the development.

In October, Prime Minister Narendra Modi inaugurated the LNG terminal, the third LNG re-gasification project in Gujarat after Petronet LNG's Dahej LNG terminal and the Hazira project of Shell Gas BV, a unit of Royal Dutch Shell Plc. “Indian Oil carried out due diligence for the project and has found that there are some issues that come in the way of their proposed plans,” said the second official cited above, who also declined to be named.

While one of the main reasons cited by Indian Oil is that a concession and sub-concession agreement between the special purpose vehicle, GSPC LNG, and maritime regulator Gujarat Maritime Board is yet to be signed, the expenditure made towards the port and port-led development is another stumbling block for the refiner, the official said.

An industry official, the third cited above, said GSPC LNG has invested close to ₹1,200 crore for dredging and other port-led development activities, which IOCL finds hard to justify to their board because the expenditure was not part of the discussions when IOCL expressed interest in investing in the LNG terminal.

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Expenditure made towards port, port-led development said to be stumbling block for refiner

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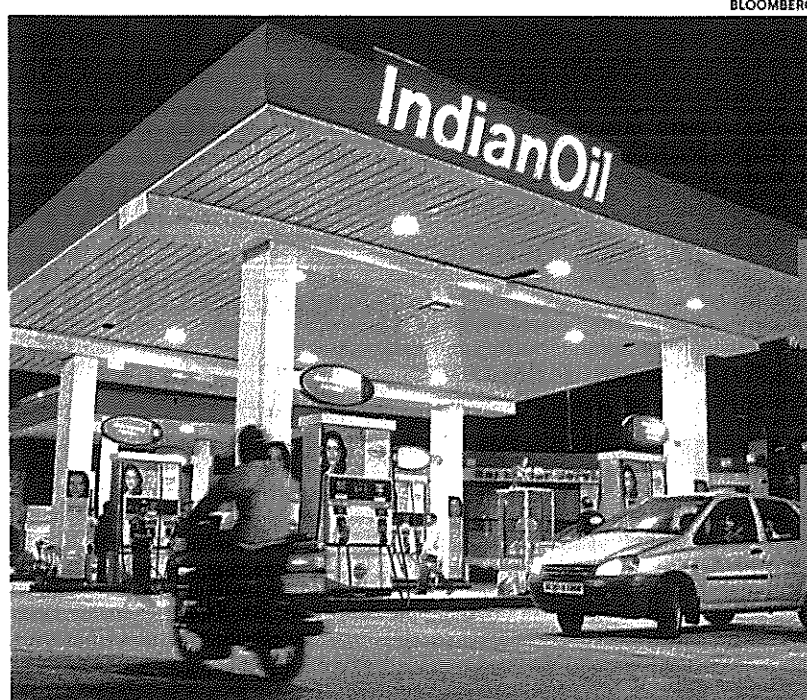
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"Indian Oil carried out due diligence



BLOOMBERG

Why the state-run refiner is backing off

The ₹5,000-crore Mundra LNG terminal is being built by GSPC LNG Ltd, a unit of Gujarat State Petroleum Corp. Ltd

GSPC owns a 50% stake in the project, while Adani group holds 25%. Both were looking to induce a strategic partner

In August 2017, Indian Oil said it got board nod to buy a 50% stake in the 5 mtpa project for around ₹750 crore

GSPC LNG has invested close to ₹1,200 crore for dredging and other port-led development activities

Indian Oil is said to find it hard to justify to its board the above expense as it was not part of the talks when it expressed interest

for the project and has found that there are some issues that come in the way of their proposed plans," said the second official cited above, who also declined to be named.

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The Mundra terminal, whose capac-

The Mundra terminal, whose capacity can be expanded to 10 mtpa, is designed to have a berth for LNG tankers

ity can be expanded to 10 million tonnes per annum (mtpa), is designed to have a berth for receiving LNG tankers and storage tank facilities for regasification and gas evacuation.

Gujarat already has a 15 million tonnes per annum import facility operated by Petronet LNG at Dahej and another 5 million tonnes terminal at Hazira that is run by Shell.

Indian Oil has also acquired a 39% stake in the proposed 5 mtpa LNG import terminal at Dhamra in Odisha.

Adani Group has a 50% stake in the project and the remaining 11% is with state-owned gas utility GAIL India Ltd.

आर्थिक सुस्ती व व्यापार युद्ध के बाद छह फीसदी गिरे दाम, निवेशकों ने बनाई दूरी

कच्चे तेल में बड़ी गिरावट से राहत

अच्छे संकेत

नई दिल्ली | हिंदी

कच्चा तेल छह फीसदी से ज्यादा की गिरावट के साथ एक साल के निचले स्तर पर चला गया है। इससे 80 फीसदी तेल आयात करने वाले भारत को आर्थिक मोर्चे पर बड़ी राहत मिली है।

विश्लेषकों का कहना है कि दुनिया में आर्थिक सुस्ती और अमेरिका-चीन के बीच व्यापार युद्ध गहराने के कारण निवेशकों ने तेल से हाथ खींचने शुरू कर दिए हैं और इसके बाजार में घबराहट साफ दिख रही है।

यही वजह है कि कच्चा तेल पिछले डेढ़ माह में 40 फीसदी नीचे आ चुका है। ओपेक देशों द्वारा 12 लाख डॉलर प्रति बैरल की कटौती के फैसले का भी बाजार पर असर नहीं दिख रहा है।

शिकागो स्थिति प्राइस फ्यूचर ग्रुप के विश्लेषक फिल फिलन ने कहा कि बाजार में डर है कि अर्थव्यवस्था में मंदी तो नहीं, लेकिन बड़ी सुस्ती आ रही है और आने वाले वक्त में तेल की मांग काफी कम रहेगी।

अमेरिका में शटडाउन की स्थिति ने संकट को और गहरा दिया है। राष्ट्रपति

रसातल की ओर तेल

22 जून 2017 के बाद सबसे निचले स्तर पर अमेरिकी कूड

17 अगस्त 2017 के बाद सबसे न्यूनतम स्तर पर ब्रेट कूड

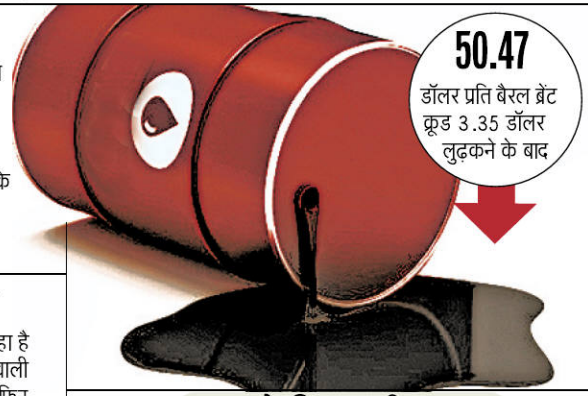
42.53 प्रति बैरल यूएस कूड 3.06 डॉलर की गिरावट के साथ

बाजार को झटके से भी लाम

विश्लेषकों का कहना है कि अमेरिका-चीन गतिरोध, अमेरिकी ब्याज दरें बढ़ने और अन्य वैश्विक कारणों से दुनिया भर के शेयर बाजार भी दिसंबर में करीब दस फीसदी नीचे चुके हैं। यह सितंबर 2011 के बाद किसी एक माह में हुआ सबसे बड़ा नुकसान है।

ओपेक कठोर फैसले को तैयार

तेल उत्पादक देशों के संगठन ओपेक ने कहा है कि अगर उत्पादन में जनवरी से लागू होने वाली कटौती का असर नहीं हुआ तो वे एक बार फिर कठोर फैसला लेने को तैयार हैं। ओपेक सदस्य यूएई के तेल मंत्री सुहेल अल मजरुई ने कहा कि संगठन आपात बैठक बुलाकर और ज्यादा कटौती पर मुहर लगा सकता है। ओपेक, रूस और नौ अन्य देशों ने 12 लाख बैरल प्रतिदिन की कटौती निर्णय किया है। इसमें ओपेक देश आठ लाख की कटौती करेंगे। फिलहाल यह कटौती चार माह की है, जिसे छह माह और बढ़ाया जा सकता है।



भारत के लिए अच्छी खबर

- 69.79 रुपये प्रति लीटर पेट्रोल और डीजल 63.83 रुपये प्रति लीटर पहुंचा
- 3.3 फीसदी के वित्तीय घाटे के लक्ष्य को भी पा सकेगी सरकार
- 70.14 पर रुपया, जबकि दिसंबर तक 75 पहुंचने की आशांका थी पहले

- 2.33 फीसदी के साथ महंगाई 17 माह के सबसे निचले स्तर पर
- 16.67 अरब डॉलर रहा नवंबर में व्यापार घाटा, अक्टूबर में 17.13 अरब डॉलर था
- 02.33 फीसदी पहुंची खुदरा महंगाई गिरकर नवंबर में, 17 माह के निचले स्तर पर

डोनाल्ड ट्रंप और फेडरल रिजर्व के गवर्नर के बीच जारी गतिरोध से भी अमेरिकी अर्थव्यवस्था को झटका लगा

है। फिलन ने कहा कि निवेशक कूड ऑयल और अस्थिर शेयर बाजार की जगह सोना और सरकारी बॉन्ड की ओर

मुड़ रहे हैं। यही कारण है कि सोमवार को लगातार आठवें दिन कच्चे तेल में गिरावट जारी रही।

LNG IMPORT CAPACITY TO DOUBLE IN NEXT TWO YEARS

Regulatory approvals, construction of evacuation pipelines and end-use distribution grids will be key for execution, says a Bloomberg report

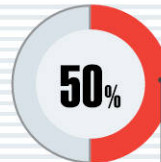
66 million tons
- LNG import capacity likely by 2020

28.6 million tons
- current LNG regasification capacity

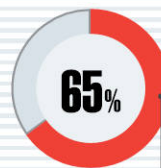
17.2 million tons
- India's long-term contracts could reach by 2020

14.7 million tons
- India's long-term supply agreements currently in place

1,290 billion cubic meters
- India's gas reserves



domestic gas production share



China's domestic production share



COMMENT

Rumbling trade wars, US rate hike, Brexit have all played their part in the slide in prices

What's got oil so spooked? It's the economy

Julian Lee

It wasn't meant to be like this. Not only are oil prices down nearly 40% since early-October, they're below where they were when the Opec+ group of producers began their first round of output cuts in January 2017.

There are two main factors behind this pessimism. The first stems from an undue skepticism about the group's willingness to trim output. The second follows from a negative view about the global outlook that is subject to change – and if it does, a sharp rebound is in store.

The recent Russian-brokered deal to cut around 1.2 million barrels a day from global supply in January should have put a floor under



prices. Their drop suggests traders don't believe the cuts will be implemented. They should.

The bulk of the reduction from current production levels hinges on Saudi Arabia. Its oil minister pledged in Vienna that the kingdom would go even further than it had promised to reduce out-

put, just as it did in 2017. The history of the Opec+ deal so far shows that those who really matter (Saudi Arabia, the UAE, Russia) came through with the cuts – even if it took them a little time to get there.

Production will probably also continue to fall in Venezuela, as workers flee the

country and a lack of maintenance on wells, pumps and pipelines eats away at capacity. The sanctions on Iran will almost certainly be tightened when the current waivers expire in May, reducing its output further. So you have to assume that Opec+ output will come down by something close to the promised 1.2 million barrels a day over the early part of next year, even if the target isn't reached on January 1.

Some of the impetus for the sell-off has almost certainly come from revised assessments of US production. The slide in prices began just after the Department of Energy published its production numbers for August, which showed a large and unexpected jump in US output.

So what else is driving the pessimism?

It's starting to look a lot like the market is pricing in a much weaker outlook for demand than is currently forecast by the main agencies.

Growing concerns about the health of the global economy, rumbling trade wars, the disruptive effect of Brexit, the Federal Reserve's latest rate hike and the threat of a US government shutdown have all played their part in the slide in prices. Those wider concerns have undermined sentiment across asset classes and oil has been caught up in the rout.

But if some of those concerns start to ease, the rebound could be swift.

—Bloomberg

Iran crude vital for sustaining balance in oil trade, says IOC Chairman

India hopes US will extend waiver

RICHA MISHRA/AMITI SEN

New Delhi, December 25

Iranian crude in global market is extremely important for sustaining a balance in oil trade, believes Sanjiv Singh, Chairman, Indian Oil Corporation Ltd.

India is one of the largest consumers of crude oil and Iran has been one of the key suppliers. On November 5, the US announced exempting eight countries, including India, from the sanctions for importing oil from Iran. This exemption is for six months and Washington will review the 180-day waiver it granted to India and seven others after April 2019.

Asked about what IndianOil's strategy will be once the six-months period is over, Singh told *BusinessLine* "Let us see, we have six months."

A concern has been the payment mechanism despite the waiver. A trader, who didn't wish to be identified, said that rupee payment mechanism serves everyone's purpose.

"From India's point of view there is not much spend on foreign exchange for imports from Iran; From Iran's perspective they continue to get regular



Sanjiv Singh, Chairman, Indian Oil Corporation

payment that can be used against whatever imports they do from India; and from the US point of view also it is not worrisome because payment is being done in a currency which Iran cannot use for anything else," he explained.

India's role

On the impact of sanctions on oil supply in the market, he said, "Even before waiver was given, the market had already factored in shortfall from Iran. So the market was prepared. In fact, India has played its card very well — while it has not buckled under the US sanctions, it has continued to get reasonable supply from Iran."

By continuing to buy from

alternatives, we cannot bring down our imports from Iran sharply," an official said.

Interestingly, the US has announced no guidelines or details on how much the countries that have been given waivers will be able to import. This is where India's optimism comes from.

Cut down imports

The official pointed out that a number of private companies had already cut down their imports of oil from Iran considerably.

"This will be taken into account by the US when it does its review. We understand that other countries too have cut down on their imports. When Washington does an overall review of imports from Iran by the countries that had been given waivers, there would be enough reasons for it to give an extension," the official said.

India and Iran, however, have yet to resolve the way in which payments have to be made for oil. New Delhi is keen that the rupee payment mechanism, used to partly pay for oil from Iran last time there were sanctions against the country, will be used this time as well. But alternative mechanisms, in which payments are made through currencies other than dollar, are also being examined.

Iran, India has also been able to sustain a balance in the market, the trader said.

Meanwhile, senior officials in the government said India is likely to continue purchasing oil from Iran in 2019, although at lower levels than the previous year, and were hopeful that it will not lead to acrimony with the US. New Delhi is expecting a positive result when the US reviews the waiver, according to government officials.

"India had extensive discussions with the US on the country's oil economy and how getting reliable and cheap supply was essential for economic growth. We clearly communicated that till we have access to

Vedanta chief Anil Agarwal bullish on mining, oil and gas

Sumit Moitra
m_sumit@dnaindia.net

Kolkata: Vedanta Resources chairman **Anil Agarwal** is not much perturbed about the setbacks he received in his core metal business and instead believes it is mining of minerals and oils that would bring in the riches for the economy, the government as well as businesses.

While the recent clearance by National Green Tribunal to reopen Tuticorin copper plant has been stayed by Madras High Court, forcing Vedanta to now move Supreme Court.

The apex court's earlier move to ban iron ore mining in Goa had hurt the group, which was the largest miner of the ore in that state.

"Tuticorin and Goa contributed not even 3-4% to Vedanta's revenues which contributes almost 1% of the gross domestic product of the country. I am more bothered with the huge imports of minerals that take place in the country. There are

A major reason why the value of our currency had dropped is that we stepped up our imports of minerals. We must understand that it is mining that would bring in the revenues for the government

strong vested interests and lobbies that want India to continue to import things we have like iron ore, coal, oil," Agarwal said during his visit to the city.

"A major reason why the

value of our currency had dropped is that we stepped up our imports of minerals like iron ore. We must understand that it is mining that would bring in the revenues for the government. It is only because of presence in the mineral and oil sectors that our group was able to pay Rs 1.6 lakh crore of taxes to the government," Agarwal reasoned.

Agarwal is now busy expanding the group's operations in India, particularly in oil. His group contributes 27% to the country's oil production now and aims to take it to 50% in the near future.

In August, Vedanta won 41 blocks out of the 55 offered under the first round of open acreage bidding. "We are now producing 2 lakh barrels, which would go up to 5 lakh barrels in two years' time. And with the new 41 blocks in Assam, Rajasthan, Gujarat and Tamil Nadu, we would produce another 5 lakh barrels, thus reaching a total 1 million barrels in the next four years at an investment of about \$5 billion," Agarwal said.



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Russia's energy minister attributes fall in oil prices to macro factors

Reuters

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Russian Energy Minister

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