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India's natural gas consumption to surpass 64 BCM in 2024, says IEA

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New Delhi

Natural gas consumption in India is expected to grow by 7 per cent y-o-y to 64.35 billion cubic meters (BCM) in the current calendar year aided by lower prices and rising demand from power and industrial sectors.

According to the International Energy Agency (IEA), India is expected to see an increase in LNG imports due to the decline in spot LNG prices in 2024. However, this growth could be tempered by the increase in domestic gas production from ONGC's Krishna-Godavari field.

"Following an announcement by PM Modi in January, 2024, the \$67-billion investment plan for developing India's natural gas supply chain is set to maintain its momentum over the coming years. India's natural gas consumption in 2024 is projected to increase by

over 7 per cent," the IEA said in its latest gas market report.

During October 2023-February 2024, India's cumulative natural gas consumption rose by 17 per cent y-o-y to 28.12 BCM. In the 2023 calendar year, the consumption stood at 60.12 BCM.

India consumed 66.63 BCM natural gas in FY24, compared to 59.97 BCM and 64.16 BCM in FY23 and FY22, respectively.

GROWING CONSUMPTION

Fertilisers followed by the Power sector, city gas distribution (CGD) and refineries are top natural gas consumers in the country.

Lower natural gas prices continued to stimulate gas demand in India, with gas use in industry rising by an impressive 15 per cent y-o-y during the October 2023-February 2024 period, the IEA said.

According to the Petroleum Planning & Analysis Cell (PPAC), India's primary natural

gas supply (including net domestic production and LNG imports) increased by 16 per cent y-o-y between October, 2023 and February, 2024. This strong growth in supply reflects growing demand for natural gas across all sectors, it added.

The increase in consumption was mainly driven by the oil refining sector (up by more than 70 per cent y-o-y) and industry (up by over 15 per cent y-o-y), the agency noted.

Day trading guide

22745 » Nifty 50 Futures

S1	S2	R1	R2	COMMENT
22625	22500	22750	22950	Go long on the breakout of 22750; stop-loss at 22680.

₹1528 » HDFC Bank

S1	S2	R1	R2	COMMENT
1500	1485	1530	1550	Buy if the stock goes above 1530; stop-loss at 1510.

₹1435 » Infosys

S1	S2	R1	R2	COMMENT
1415	1385	1445	1480	Short-term trend is uncertain; do not trade.

₹438 » ITC

S1	S2	R1	R2	COMMENT
435	428	442	450	Initiate fresh longs in the stock; stop-loss at 428.

₹283 » ONGC

S1	S2	R1	R2	COMMENT
280	275	285	300	Go long if the stock breaks out of 285; stop-loss at 275.

₹2930 » Reliance Ind.

S1	S2	R1	R2	COMMENT
2890	2830	2975	3000	The stock is charting a sideways trend; stay out.

₹826 » SBI

S1	S2	R1	R2	COMMENT
800	780	835	850	Buy now and on a dip to 800; place stop-loss at 775.

₹3870 » TCS

S1	S2	R1	R2	COMMENT
3810	3750	3900	4000	Consider fresh longs above 3900; stop-loss at 3860.

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



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पेट्रोल और डीजल की कीमतें अपरिवर्तित नई दिल्ली। अंतरराष्ट्रीय स्तर पर कच्चे तेल की कीमतों में तेजी आने के बावजूद घरेलू स्तर पर पेट्रोल और डीजल के दाम में आज कोई बदलाव नहीं हुआ, जिससे दिल्ली में पेट्रोल 94.72 रुपए प्रति लीटर तथा डीजल 87.62 रुपए प्रति लीटर पर पड़े रहे। तेल विपणन करने वाली प्रमुख कंपनी हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन की वेबसाइट पर जारी दरों के अनुसार, देश में आज पेट्रोल और डीजल की कीमतों में कोई बदलाव नहीं हुआ है। दिल्ली में इनकी कीमतों के यथावत रहने के साथ ही मुंबई में पेट्रोल 104.21 रुपए प्रति लीटर पर और डीजल 92.15 रुपए प्रति लीटर पर रहा।

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Union Minister for Petroleum & Natural Gas launches IndianOil's ETHANOL 100

Hardeep Singh Puri, Union Minister for Petroleum & Natural Gas and Housing and Urban Affairs, launched 'ETHANOL 100', a revolutionary automotive fuel at IndianOil Retail Outlet, Irwin Road Service Station, New Delhi. Customers can avail ETHANOL 100 at select 183 retail outlets of IndianOil across five states - Maharashtra, Karnataka, Uttar Pradesh, New Delhi, and Tamil Nadu.

Pankaj Jain, Secretary, Ministry of Petroleum & Natural Gas; Shrikant Madhav Vaidya, Chairman, senior officials from MoP&NG, functional Directors of IndianOil also participated in the launch ceremony. Speaking on the occasion, Hardeep Singh Puri said that the launch of ETHANOL 100 was inspired by the vision of the Prime Minister of India to transform Annadatas to Urjadatas. "It reflects the government's commitment to reducing import dependency, conserving foreign exchange, and boosting the agriculture sector. Since the Prime Minister's announcement on E20 (20% ethanol blended fuel) in 2023, the E20 availability has increased to 12,000 outlets in under a year, and now, with the introduction of ETHANOL100 at 183 outlets of IndianOil, we are close to achieving the target of 20% ethanol blending by 2025-26. During the last 10 years these ethanol blending initiatives have enhanced farmer incomes, increased rural employment, reduced CO2 emissions equivalent to planting 1.75 crore trees and resulted in savings of ₹85,000 crore worth of foreign exchange" he stated.



KEEPING OIL PRICES IN CHECK IN A WORLD AFIRE

"Rational or not, fear is painful and debilitating, and policy makers must endeavour to protect the public from fear, not only from real dangers."

—Daniel Kahneman, Israeli-American Nobel-winning economist

OIL prices are up 17 percent since January this year in a lurking trepidation predominantly revolving around mounting tensions in the Middle East. Though it is reminiscent of the Iranian revolution-led 1979 oil crisis and the 1990 Gulf War, when prices touched preposterous levels, the markets are thankfully devoid of similar mayhem. Apprehensions of supply constraints and disruptions have moved prices higher. While continuing with the production cut of over 2 million barrels per day, the OPEC+ group prefers selling lighter grades with higher margins, thus exacerbating the availability of crude. The situation is compounded with Mexico cutting down exports and imposition of fresh sanctions on Venezuela.

The Ukrainian drone attacks on Russian oil refineries, most recently in the Smolensk region, could affect availability of diesel and gasoline. Though this could bring more Russian crude into the market, in the long run, the lack of refining capacity could lead to paucity of finished products, thus pushing their price higher. The Houthi attacks in Red Sea have added to the uncertainty and costs due to war risk insurance premium.

However, considerable supply exists in Africa. Nigeria holds surplus stocks despite increased domestic consumption post the commissioning of the Dangote refinery near Lagos. Libya resumed production at El Sharara oilfields in late January. Angola and Algeria continue to dominate as the largest exporters out of Africa while posting incremental production figures.

Though OPEC+ continues with output cuts, it is felt that the combined increase in supply from Brazil, Guyana, the US and Canada can significantly offset this depletion. Price weakening in physical market can partly be attributed to augmented shale supply from the US and recovery in production outages. The inclusion of West Texas Intermediate Midland in the Dated Brent basket in May 2023—owing to its low sulphur and low density—has further lent support to the Brent benchmark while maintaining supply adequacy.

On the demand side, too, factors exist

that can help cool prices. India's import of Russian oil for domestic consumption as well as to slake European demand for finished products helped stabilise oil prices while averting a sharp rise. A sombre economic prospect in China for the rest of 2024 and an unprecedented declining demand ahead of the summer season in the US have also aided in softening prices.



Increased production in the Americas and Africa, including from the huge Dangote refinery in Nigeria, is balancing OPEC+ output cuts. India's Russian oil imports and China's dipping growth are also keeping prices cool. For the Middle East's oil fraternity, economic considerations remain paramount despite the Gaza war

Beijing's involvement in brokering a diplomatic truce between Tehran and Riyadh in March 2023 was termed a "détente with far more depth". The reconciliation energised numerous other diplomatic restorations such as the one between Bahrain and Qatar, and Syria's return to the Arab League. China's growing territorial dominance is a catalyst for Washington's efforts at de-escalation of a direct conflict between Israel and Iran while desisting from imposing any further sanction on Iran's oil sector, which could negatively affect supply.

Iran has increased its oil exports to levels not seen in last five years, while China continues as its major buyer. Though the present Gaza episode has prompted Te-



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hran to "review its nuclear stance", economic considerations remain paramount for the oil fraternity in the Middle East. Saudi Arabia holds long-term development plans while steering away from overt dependence on oil. After resumption of diplomatic ties, the UAE is keen to improve trade ties with Iran too. Any broader hostility would jeopardise regional growth.

With elections in 64 countries and the European Union in 2024, involving almost half the world's population, oil could well be the lead actor in deciding political fate for some. With the US and UK slated to go to polls at year-end, taming oil prices is pertinent for the "healthy survival" of major economies.

Oil prices are not merely the consequence of physical 'inventory and availability', but also a reflection of the sentiments on crude futures market. At present, oil futures are less volatile, translating to a muted optimism and less confounding geopolitical apprehensions. Past stockpiling of crude at lower prices by China is bearish for current demand. Despite shale production touching a record high, the US is in no hurry to replenish its depleted strategic petroleum reserve, as it maintains a buffer to satiate market appetite should there be a dramatic rise in prices.

Conventional sources are gradually ceding their dominance to niche territories in Latin America as major oil producers Exxon, Chevron and Total enter into fresh alliances with local producers. While addressing supply issues, such moves also assist in posting better financials and rewarding shareholders. Post sanctions, Caracas is 'flirting' with digital currency for its oil trade to ease export woes.

Year 2024 could witness a slight deficit in overall supplies against projected demand, keeping in mind the continued OPEC+ cuts. Should the geopolitical situation change dramatically for the worse, despite increased contribution from the Americas, the \$100 price level could be revisited. A \$90 scenario seems plausible around the middle if the status quo holds.

(Views are personal)
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