

INDIA'S OIL AND GAS TANKER OUTLOOK – MAY 2022

MARKET UPDATES

India's import of cheap Russian crude oil touches record high in May

- India has imported more than 24 million barrels of Russian crude oil in May - up from 7.2 million barrels in April and about 3 million in March - and is set to receive about 28 million barrels in June, news agency Reuters reported citing the Refinitiv Eikon data.
- Since the Russian troops invaded Ukraine on February 24th, India has received 34 million barrels of discounted Russian oil, the data shows. This import is treble the value of total imports from Russia, including other products, compared with the same period of 2021.
- India - Asia's third-largest economy and the world's third-biggest oil importer - turned to deeply discounted Russian oil, mostly Urals crude, to cut its imports bill.
- The increasing energy imports helped push India's total goods imports from Russia between February 24th and May 26th to \$6.4 billion, compared with \$1.99 billion in the same period last year, Reuters added.
- India's exports to Russia, however, fell nearly 50% to \$377.07 million over that period, as its government is yet to set up a formal payment mechanism.
- While the West responded to the invasion with a number of sanctions, India stayed away from voting against Russia on world forums. It has also been criticised for its continued purchases of Russian energy. India has brushed off the criticism, saying those imports made only a fraction of the country's overall needs and has said it will keep buying "cheap" Russian oil, arguing a sudden stop would drive up costs for its consumers.

India's fuel sales soar in May on summer travel

- India's petrol and diesel sales soared in May on the back of a surge in summer travel to escape from the heat and vacation during annual breaks at educational institutions, preliminary industry data showed on Wednesday. Petrol sales by state-owned fuel retailers, which control roughly 90% of the market, at 2.8 MT in May was 55.7% higher than the same period last year when a devastating second COVID-19 wave wreaked havoc on the economy.
- This consumption was 76% higher than the demand in May 2020 and 12% more than 2.5 MT of sales in the pre-COVID May 2019. M/M sales were up 8.2%, as per the preliminary data.
- Diesel, the most-used fuel in the country, saw sales jumping 39.4% y/y to 6.82 MT in May. This was, however, 2.3% lower than sales in May 2019. It was 1.8% higher than 6.7 MT of consumption during April this year.
- Industry sources said consumption in May is higher because of demand returning after high prices in the previous month impacted sales. Also aiding the demand was the start of the harvesting season.
- Another factor was the low base effect. April saw consumption drop due to a Rs 10/litre hike in petrol and diesel prices after an over four-month hiatus.
- But the biggest factor seemed to be an increase in travel to colder regions to escape from record temperatures and utilise annual breaks at schools, they said.
- Cooking gas, whose prices were hiked by Rs 103.50 per cylinder since March, saw sales rising by a marginal 1.48% to 2.19 MT. This was 4.8% lower than the consumption in May 2020 when the government extended free cooking gas to the poor to help them tide over the hardships of the lockdown.
- LPG consumption was 7.6% more than May 2019 demand but marginally lower than the 2.21 MT of sales in April 2022.
- Jet fuel (ATF) sales more than doubled to 0.54 MT as the aviation sector opened up after two years. ATF consumption was 401% more than May 2020 but 16.1% lower than the pre-COVID sales of 0.644 MT in May 2019. M/M sales were up 7.5%.

Gail India seeks 1 MMT LNG term deal as demand soars

- Gas utility Gail India is looking to import 1 MMT of additional LNG for 10 years beginning 2023 to meet the country's rising demand for the fuel, a senior company official told ET.
- "Whatever we were selling in the international market, we are trying to bring to India as demand here has increased," Manoj Jain Chairman and Managing Director, told ET.
- Jain added that the company is also talking to many players bilaterally to get a sense of the market and once the company zeros in on certain geographies, it would float expressions of interest.
- Gail, which has been mandated to import gas and buy from newer domestic fields to meet growing demand from households and the transport sector, saw its natural gas sales increase 6% and is anticipating a 6-8% increase in gas sales this fiscal year.
- Gail will be supplying pooled natural gas 2.5% over and above the 100% requirement of the CNG for transport, and the PNG domestic segments of each geographical area mentioned in the quarterly allocation period.
- Gail will buy one LNG cargo from the spot market every 30-40 days to meet city gas demand," Jain added.
- The company did not rule out procuring additional LNG supplies from Russia's Gazprom, even as the European Union is working toward an agreement to embargo Russian oil after Russia's invasion of Ukraine.
- The company said, currently it has a term LNG import deal in place with Gazprom's Singapore-based trading arm where it imports 2.5 MMT annually.
- Gail imported 2 MMT LNG from Gazprom in 2021, and plans to import at 2.5 MMT for 2022 and 2.85 MMT in 2023, the company said, adding that India's target to increase share of gas in its overall energy mix to 15% by 2030 from the present 6.7%, could be delayed by 12-24 months due to the Russia-Ukraine war.

DIRTY MARKET TREND

VLCC FIXTURES TREND

Voyage Route	APRIL-2022		MAY-2022		% CHANGE M/M	
	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)
MEG-WCI	5	65.65	5	50.98	0%	-22%
MEG-ECI	1	50.38	1	40.00	0%	-21%
MEG-WCI+ECI	-	-	-	-	-	-
ECM-WCI	-	-	-	-	-	-
ECM-ECI	-	-	-	-	-	-
WAF-WCI	4	3.79	1	2.62	-75%	-31%
WAF-ECI	-	-	-	-	-	-

SUEZMAX FIXTURES TREND

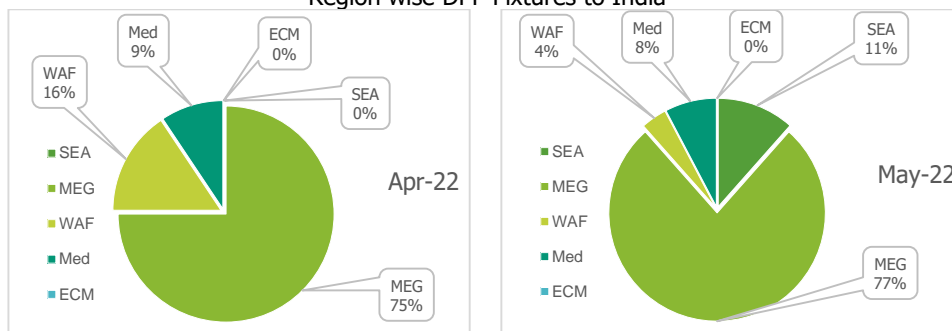
Voyage Route	APRIL-2022		MAY-2022		% CHANGE M/M	
	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)
MEG-WCI	9	112.15	10	115.14	11%	3%
MEG-ECI	7	100.36	1	97.00	-86%	-3%
ECMEX-ECI	-	-	-	-	-	-
WAF-ECI	-	-	-	-	-	-
WAF-WCI	1	3.10	-	-	-	-
MED-WCI	1	3.70	1	3.30	0%	-11%
MED-ECI	2	4.02	1	3.05	-50%	-24%
SEA-WCI	-	-	-	-	-	-

AFRAMAX FIXTURES TREND

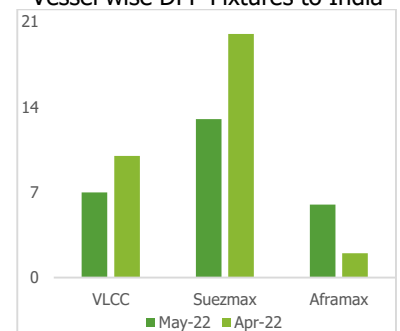
Voyage Route	APRIL-2022		MAY-2022		% CHANGE M/M	
	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)	Fixtures	Avg. WS/Avg. (USD Mill. in L/S)
SEA-WCI	-	-	-	-	-	-
SEA-ECI	-	-	3	163.38	-	-
MEG-WCI	2	185.83	4	209.29	100%	13%
MEG-ECI	-	-	-	-	-	-

REGION WISE AND VESSEL WISE FIXTURES TREND

Region wise DPP Fixtures to India

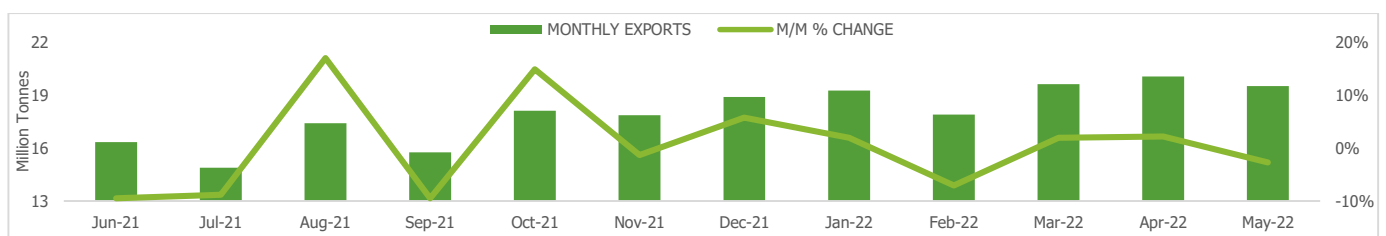


Vessel wise DPP Fixtures to India



DPP Fixtures Trend M/M-> MEG ▲ 2%, WAF ▼ 12%, SEA ▲ 11%, MED ▼ 2%

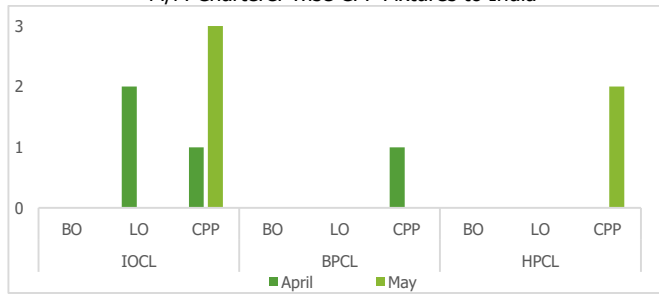
INDIAN MONTHLY CRUDE OIL IMPORTS



PRODUCT MARKET TREND

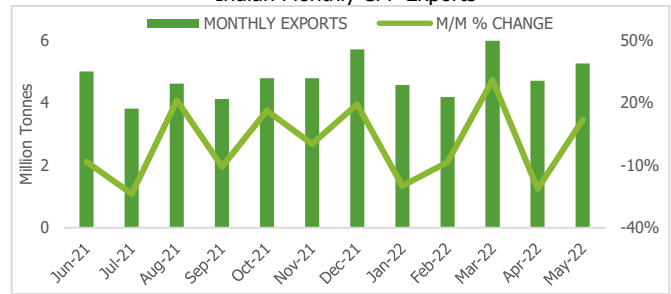
Trade Routes	Apr-22 Avg. Freight (USD Millions)	May-22 Avg. Freight (USD Millions)	Percentage Change
WCI-WCI	-	-	-
WCI-ECI	RNR	2.48	-
WCI-ECI+WCI	-	-	-
WCI-WCI+ECI	-	-	-
ECI-ECI	-	-	-
ECI-WCI	-	1.10	-
ECI-ECI+WCI	RNR+0.33	-	-
ECI-WCI+ECI	-	-	-
AG-WCI & ECI	0.46	-	-
ECI-Colombo	-	0.85	-
WCI-Colombo	-	RNR	-
No. of Fixtures	4	5	25%

M/M Charterer wise CPP Fixtures to India



DPP Fixtures Trend M/M-> IOCL ▲ 67%

Indian Monthly CPP Exports

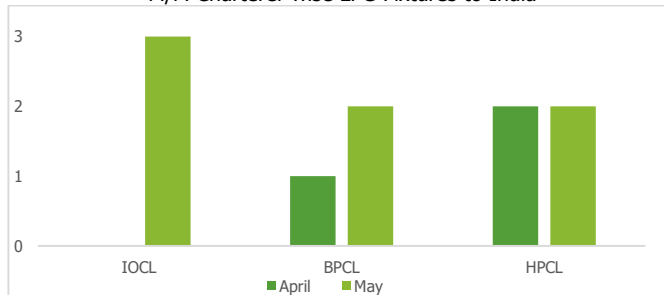


INDIAN CPP Exports Trend M/M-> ▲ 12%

LPG MARKET TREND

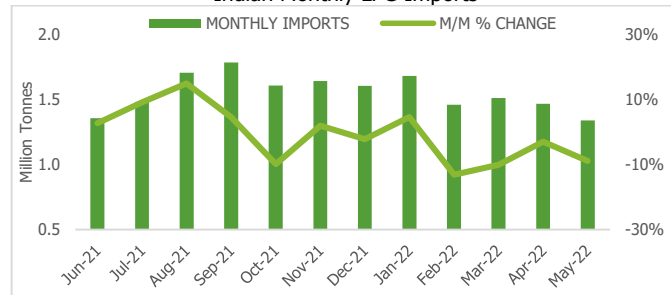
Vessel Type	Avg Freight (USD Millions) APRIL-22	Avg Freight (USD Millions) MAY-22	M/M % CHANGE
VLGC	2.59	3.34	29%
MGC	-	1.83	-
No. of Fixtures	3	7	133%

M/M Charterer wise LPG Fixtures to India



LPG Fixtures Trend M/M-> ▲ 133%

Indian Monthly LPG Imports



INDIAN LPG IMPORT Trend M/M-> ▼ 9%

Website Link - <https://www.saigalseatrade.com/>

For any queries, reach out to us at:

Email – tanker@saigalseatrade.com, gas@saigalseatrade.com, research@saigalseatrade.com

T : +91-22-24210505 (Mumbai) T : +91-11-26252389 (Delhi)

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