

Petroleum product exports up 9% m-o-m in August

UPWARD TREND. Diesel exports rose 4.2 per cent on higher diesel crack spreads

Rishi Ranjan Kala
New Delhi

Exports of refined petroleum products rose by almost 9 per cent m-o-m to 5.83 million tonnes (mt) in August, largely supported by outbound shipments of diesel, aviation turbine fuel (ATF) and fuel oil.

According to the Petroleum Planning and Analysis Cell (PPAC), petroleum products exports last month were the highest in FY24 and the second highest in the current calendaryear.

Diesel exports rose 4.2 per cent m-o-m to 2.48 mt in August 2023 as higher diesel crack spreads supported higher exports. A crack or crack spread is the overall pricing difference between a barrel of crude oil and the petroleum product refined from it.

“Further, the domestic consumption of diesel has been lower in July and August compared with previous months as monsoon restricted mobility and demand from the farm sector to an extent. The international gasoil prices have been increasing in the ongoing quarter on account of seasonal



India's refined petroleum products export

	April		May		June		July		August	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Volume (mt)	4.4	5.4	5.3	5.7	5	5.5	5.4	5.0	5.8	5.2
Value (\$ bn)	3.3	5.8	3.6	6.5	3.5	6.6	4.1	4.9	4.9	4.9

Source: PPAC Volume: million tonnes (mt) Value: Dollar/ billion

issues such as refinery outages and maintenance, amid increased temperatures across the US and Europe,” ICRA Vice President & Co-Group Head (Corporate Ratings) Prashant Vasisht told *businessline*.

Besides, the sanctions on Russian refined products to Europe with effect from February 2023 have also impacted supplies. Exports of the other auto fuel, gasoline, fell in August. Petrol exports declined by 6.7 per cent m-o-m to 1.17

mt last month, which ICRA attributed to the tapering of the summer driving season in the northern hemisphere.

GROWING AIR TRAVEL

The export of jet fuel continued to rise for the fifth consecutive month in August with outbound shipments rising 15 per cent m-o-m to 900,000 tonnes last month.

“The international product prices of ATF were on an increasing trend in the last few months resulting in healthy

product cracks. The product cracks for ATF were significantly higher in August 2023 compared to June and July 2023. ATF crack spreads witnessed an uptick in the last few months with improved demand owing to increase in overall air travel activity even as refinery output declined in a few months due to maintenance activity,” Vasisht said.

Similarly, exports of fuel oil, which is also called industrial fuel oil, have more than doubled on a monthly basis to 300,000 tonnes in August 2023. After a subdued start in April its shipments have risen consistently in the next four months. Vasisht attributed the higher exports to lower production of fuel oil globally because of production cuts of heavier grades of crude oil by OPEC+.

SOFTENING EXPORTS

Exports from the world's fourth largest refiner are likely to soften beginning September due to autumn maintenance at refineries and stocking of auto fuels ahead of the festival October-December season, when domestic fuel consumption picks up.