



CRUDE WATCH

OIL SETTLES AT 8-MONTH LOW

Houston: Oil prices fell on Friday, settling at their lowest since January after data showed the US economy added fewer jobs than expected last month, and weak Chinese economic data added more pressure. **REUTERS**

JULY WAS 7TH STRAIGHT MONTH OF SEQUENTIAL GROWTH IN OIL IMPORTS FROM RUSSIA

Russia dominates India's oil imports in July on strong Urals, ESPO flows

SUKALP SHARMA
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INDIA'S RUSSIAN oil imports stayed robust in July, registering a slight month-over-month growth to the highest level in over a year powered by strong flows of Moscow's key crude grade Urals and an uptick in import of ESPO crude, as per oil tanker tracking data and industry experts.

Indian refiners imported a total of 2.08 million barrels per day (bpd) of Russian crude oil in July, the highest since June of last year, when Russian crude imports were at near-record high levels, as per provisional ship-tracking data from commodity market analytics firm Kpler.

India's Russian oil imports in July were around a per cent higher sequentially, and accounted for as much as 43 per cent of India's total oil imports of 4.82 million bpd. Russia's share was almost as much as the cumulative market share of the next four large suppliers—Iraq, Saudi Arabia, the United Arab Emirates (UAE), and the United States (US). July was the seventh straight month of sequential growth in India's Russian oil imports.

Additional availability of Russian crude for export markets due to Ukrainian drone strikes on Russian refinery infrastructure and sizable price differential vis-à-vis competing

INDIA'S TOP 5 SOURCE MARKETS FOR CRUDE OIL IN JULY



SUPPLIER	IMPORT VOLUME*	MARKET SHARE
Russia	2.08	43.1
Iraq	0.8	16.5
Saudi Arabia	0.66	13.7
UAE	0.36	7.4
US	0.27	5.5

Source: Kpler, (million bpd)*, market share in %

Middle Eastern crude grades led to higher flows of Russian oil to India in recent months. The rise in India's import of discounted Russian oil over the past few months has hit flows from Saudi Arabia the most.

In June, import volumes from Riyadh had fallen to the lowest monthly level in over a decade. July saw some recovery from those lows, with flows from the West Asian supplier touching a four-month high. Oil imports from Saudi Arabia—India's third-biggest source market for crude—in July were at 0.66 million bpd, up from June's 0.42 million bpd, but still considerably lower than last year's average of 0.72 million bpd. Saudi Arabian oil accounted for 13.7 per cent of India's oil imports in July.

"June saw the highest Saudi formula prices (official selling price, or OSP) this year, so buyers drastically cut their nominations for June-loading cargoes. But considering July OSPs were already 40-50 cents per barrel lower, some recovery of Indian demand has happened. Even though one could argue Saudi crude is the most expensive option out there for a medium-sour grade, the availability thereof creates a safety net for Indian refiners that can get guaranteed volumes from Saudi Arabia," said Viktor Katona, head of crude analysis at Kpler. According to industry watchers, Urals has a price advantage of over \$5 per barrel over Saudi Arabian medium-sour grades.

Urals, a medium-sour crude, is the mainstay of India's

EXPLAINED India's oil import pie in July

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refiners had the opportunity to buy this (ESPO crude) even earlier, but back then the Chinese demand dominated the ESPO loading schedule. Chinese crude imports are set to come in at the lowest monthly average since August 2022, so even though India is headed into its own refinery maintenance season, there was more space for Indian refiners (for ESPO purchases)," said Katona.

Oil import volumes from Iraq—India's second-largest source of crude oil—in July were flat sequentially at 0.80 million bpd, accounting for 16.5 per cent of India's total oil imports for the month. Prior to the war in Ukraine, Iraq and Saudi Arabia were the top two suppliers of crude oil to India. But as the West started weaning itself off Russian energy supplies following Moscow's February 2022 invasion of Ukraine, Russia started offering discounts on its crude and Indian refiners started snapping up the discounted barrels.

As the world's third-largest consumer of crude oil with a high import dependency level of over 85 per cent, India is extremely sensitive to oil prices. Although trade sources have indicated that discounts on Russian crude have shrunk over time, Indian refiners have evidently remained keen on buying Russian oil as given the high import volumes, even lower discount levels lead to significant savings.

Russian oil imports. In July, Indian refiners cumulatively bought 1.42 million bpd of Urals crude. India's Urals import volumes for the month accounted for over 68 per cent of New Delhi's total oil imports from Moscow. Evidently, the price differential between Urals and competing crude grades from India's traditional West Asian suppliers was significant enough for Indian refiners to prefer the Russian grade.

July also marked the highest-ever import volume of Russia's ESPO crude at 0.16 million bpd. Purchases of this light and sweet crude, which has low sulphur content and is considered a superior-quality grade than Urals, have been dominated by Chinese refiners.

"One could say that Indian

Ukraine: Sank Russian sub, hit airfield & oil depots

Kyiv: Ukraine's military said on Saturday it had sunk a submarine in Russian-controlled Sevastopol, attacked a southern Russian airfield and hit oil depots and fuel and lubricant storage facilities in Belgorod, Kursk and Rostov regions. "A Russian submarine went to the bottom of the Black Sea," the defence ministry said in a post on X, naming the vessel as the B-237 Rostov-on-Don attack submarine.

The military's general staff said the attack on Sevastopol port also significantly damaged four launchers of the S-400 anti-aircraft "Triumph" defence system. There was no immediate comment by Russia on the Sevastopol attack.

In other, overnight attacks, the military said it hit an ammunition depot at Morozovsk airfield where Russian forces stored guided aerial bombs among other equipment and a number of oil depots and fuel storage facilities. "Russian combat aviation must be destroyed wherever it is, by all effective means. It is also quite fair to strike at Russian airfields. And we need this joint solution with our partners — a security solution," Ukrainian President Volodymyr Zelensky wrote on the Telegram messaging app.

He has repeatedly called on his Western allies for permission to use their weapons for long-range attacks on Russia, in addition to striking military targets close to the border. He said Russian forces had used over 600 guided aerial bombs to attack Ukraine in the past week.

In Russia, local officials reported that tanks at a fuel-storage depot in the Kamensky district of Rostov region caught fire as a result of a drone attack. REUTERS