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India's Oil Demand Numbers Looking Strong

Russia has been the biggest crude supplier to China for the past couple of years, but it was not the case with India. India hardly bought any Russian crude until last year, but now it imports substantial volumes of at least 700,000 to 800,000 b/d. From January to August, demand was about 4.7 million barrels per day, which is 9% up year-on-year. The continued flow of discounted Russian crude to China and India, apart from benefiting these two countries, has been critical in maintaining the balance of supply in the world. If these two countries weren't taking in that incremental oil, and more Russian production was locked in, what kind of prices might we have seen today?

Asia, Except China Steady on Post-COVID Recovery

The divergence between how the Chinese and the Indian economy are faring in terms of post-COVID recovery has probably grown this year. India has been on a completely different path with the economy looking up - becoming the fifth largest economy by GDP. This year, the GDP growth is expected to be 7% year-on-year. The other two major economies in the region - Japan and South Korea - are steady and continuing to recover.

Supply Dynamics after December 5th EU Russian Oil Embargo

Another interesting dynamic that is developing around the continued Russian discounted supplies which might grow as the EU proceeds to completely ban imports on December 5th is the nearly 1.3 million b/d of crude that is still flowing into Europe will also be looking for new homes. It is also worth noting is that Iran has been reported that it had stockpiled a lot of oil in Asia, hoping that the restoration of the JCPOA will proceed and it will be able to unleash all that oil into the markets. It has been apparently offering \$5 to \$7 discount to Russian crude, to China just a bit due to be able to push its oil into the country. ■

**Paraphrased Comments*

