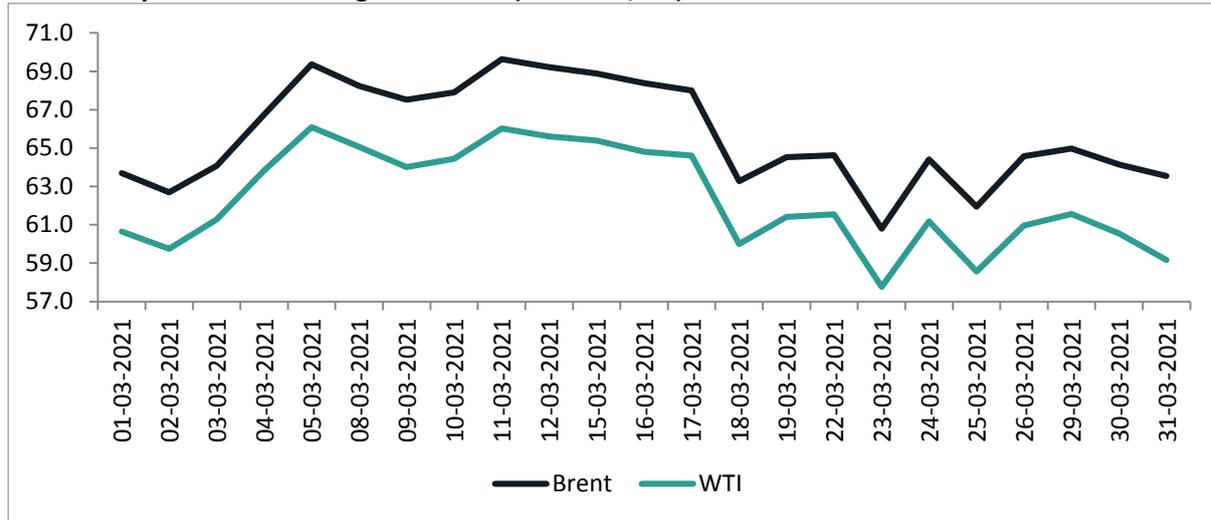


Oil Monitor- March 2021

April 1, 2021 | Industry Research

Crude oil prices during March 2021

Chart 1: Daily Prices of Oil during March 2021 (Unit: USD/bbl)



Source: Bloomberg, ICE

The price of Brent Crude and WTI have increased by 6.5% and 5.6% during March, 2021 as against the price prevailing during February 2021 and has also increased sharply by 95.0% and 113.1% as against the price prevailing during the same month in the previous financial year.

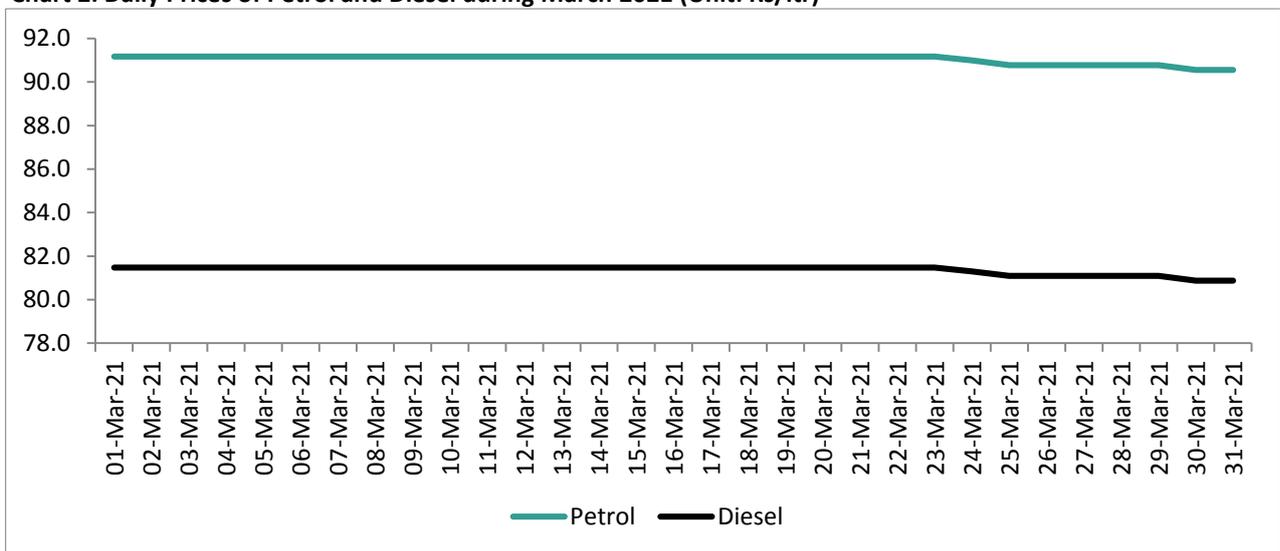
In the previous financial year, crude oil prices were on a downward trajectory since the start of CY20 due to the advent of COVID-19 in China and had fallen sharply during March 2020 as WHO had declared the virus as a pandemic (due to its continued spread in other countries from its epicentre).

In the start of the month, crude oil prices rose following the decision by the OPEC+ to keep crude oil output unchanged in April coupled with continuation of a voluntary production cut by Saudi Arabia for another month. Improved fuel demand conditions amid ongoing stimulus measures and progress of the vaccination drive also pushed the prices higher. Oil prices had also risen because of the attack on Saudi Arabia's oil facilities by the Houthi rebels in Yemen but prices had settled once the situation was under control.

During the course of the month, oil prices fell on account of demand concerns due to a slow vaccination campaign in Europe and increase in US crude oil inventory. During the 3rd week of March, crude oil prices started to rally, after falling sharply in recent sessions, as a container ship blocked the Suez Canal raising supply concerns because it was also blocking many ships using that trade route. However, prices fell once again once the ship struck I was finally freed and there was a resumption of the movement in carrier traffic. The month ended with price of crude oil falling by 1% and 2.3% due to the rising coronavirus cases and reinforcement of lockdowns in some countries, which acts as a major impediment in the oil demand outlook.

However, investors remained cautious ahead of the OPEC+ meeting with major producers, which is to take place on April 1 2021.

Chart 2: Daily Prices of Petrol and Diesel during March 2021 (Unit: Rs/ltr)



Source: PPAC

Prices of Petrol and Diesel have remained unchanged and stable from 27th February 2021 to 23rd March 2021. The price of petrol was retailing at Rs 91.2/ltr in Delhi, in Rs. 97.6/ltr in Mumbai, Rs. 93.1/ltr in Chennai and Rs. 91.4 /ltr in Kolkata respectively while that of diesel was retailing at Rs 81.5/ltr in Delhi, Rs 88.6/ltr in Mumbai, Rs 86.5/ltr in Chennai and Rs 84.4/ltr in Kolkata.

The prices of the auto fuels were at an all-time high post, which there have been three downward revisions. By the end of the month price of petrol and diesel have come down by Rs 0.6/ltr in the metros due to the global fall in crude oil prices. Price of petrol currently is retailing at Rs 90.6/ltr in Delhi, in Rs. 97/ltr in Mumbai, Rs. 92.6/ltr in Chennai and Rs. 90.8 /ltr in Kolkata respectively while that of diesel was retailing at Rs 80.9/ltr in Delhi, Rs 88/ltr in Mumbai, Rs 85.9/ltr in Chennai and Rs 83.8/ltr in Kolkata.

Note: Oil firms consider the trade parity pricing which is based on the prevailing prices in the international markets. Retail prices of petrol and diesel in India are linked to their prices in the global markets and not crude oil. The prices of petrol and diesel are broadly determined by crude oil and forex rates. However, the retail rates vary from state to state due to local taxes.

Table 1: Price build-up of Petrol and Diesel at Delhi (Unit: Rs/ltr)

As on 01.04.2021	Petrol	Diesel
Price Charged to Dealers (excluding Excise Duty and VAT)	33.1	34.5
Excise Duty	32.9	31.8
Dealer Commission	3.7	2.5
VAT (includes VAT on dealer commission)	20.9	11.9
Retail Selling Price	90.6	80.8

Source: IOCL

As per the latest available data on price build of petrol and diesel) the government is able to collect around 163% taxes, (Excise Duty and VAT) on the base price of petrol and 126% in the case of diesel (as on 1st April 2021). Taxes now make up around 59% of the retail price of petrol 54% of the retail price of diesel (as on 1st April 2021).

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