

Oil Monitor

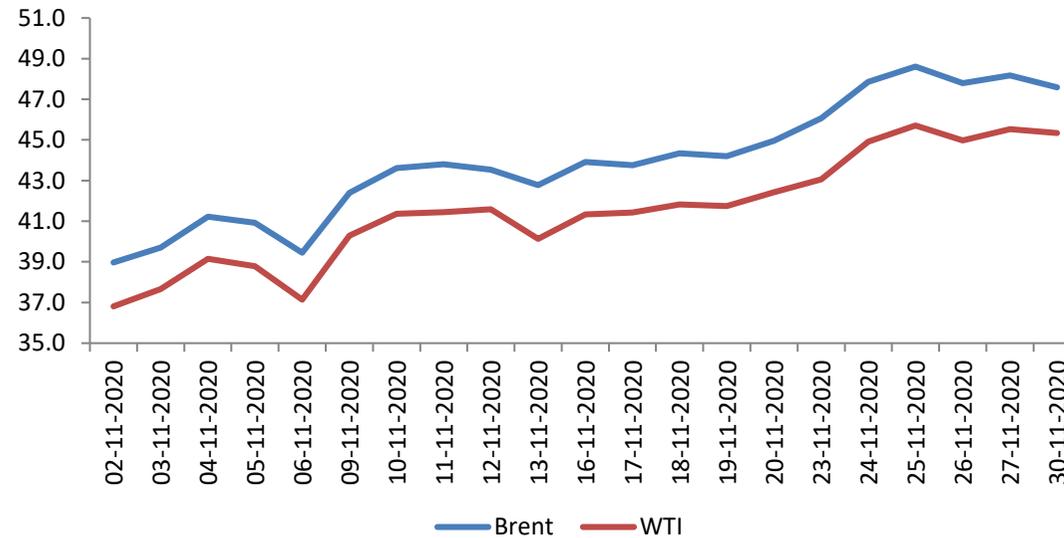
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Crude oil prices during November 2020

Chart 1: Daily Prices of Oil during November 2020 (Unit: USD/bbl)



Source: Bloomberg, ICE

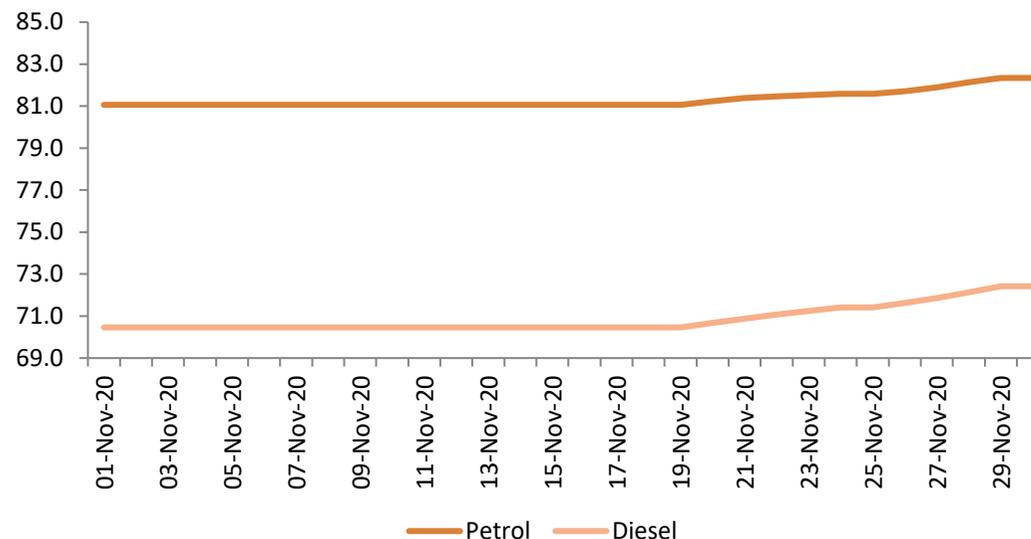
The price of Brent Crude and WTI has increased by 6% and 5.1% during November, 2020 as against the price prevailing during October 2020 but in retrospect has declined by 29.8% and 27.1% as against the price prevailing during the same month in the previous financial year.

Oil prices were depressed in the start of the month given the increase in oil supply in Libya and the increase in COVID-19 cases in the US and Europe. Upsurge in COVID-19 cases has prompted many European countries to announce a second lockdown.

This development is a major impediment for oil demand which has already been substantially muted. However the oil markets have reacted positively in recent days, as various pharmaceutical companies have made positive strides in the development and approval of a safe and effective COVID-19 vaccine. Better than expected macro-economic data reporting from China and Japan and speculation as to the OPEC+ group prolonging the current production cuts too has lent support in increasing crude oil prices during the month. Brent oil was able to hit the USD 48/bbl mark which has been the highest in the current financial year.

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Chart 2: Daily Prices of Petrol and Diesel during November 2020 (Unit: Rs/ltr)



Source: PPAC

Note: 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 01.12.2020	Petrol	Diesel
Price Charged to Dealers (excluding Excise Duty and VAT)	26.7	27.4
Excise Duty	33.0	31.8
Dealer Commission	3.7	2.5
VAT (includes VAT on dealer commission)	19.0	10.6
Retail Selling Price	82.3	72.4

Source: IOCL

In the month of November, prices of petrol and diesel remained static till November 20th. Prior to the November 20th hike, petrol prices were unchanged since September 22nd and diesel rates hadn't changed since October 2nd

Prices of the auto-fuels started increasing as positive news regarding the successful trials of a COVID-19 vaccine led to a rally in international oil prices.

Post the 20th November revision, prices of petrol and diesel in Delhi have increased by Rs1.1/ltr and Rs1.7/ltr in the last 10 days.

As per the latest available data on price build of petrol and diesel) the government is able to collect around 195% taxes, (Excise Duty and VAT) on the base price of petrol and 155% in the case of diesel (as on 1st December 2020).

Taxes now make up around 63% of the retail price of petrol 59% of the retail price of diesel (as on 1st December 2020).