

RESEARCH
BOB ECONOMICS RESEARCH | MONSOON UPDATE

Monsoon and Sowing progress

BOB ECONOMICS RESEARCH | CRUDE IMPORTS

India's crude import-story so far

Daily macro indicators

Indicator	17-Aug	18-Aug	Chg (%)
US 10Y yield (%)	4.27	4.25	(2bps)
India 10Y yield (%)	7.25	7.22	(3bps)
USD/INR	83.15	83.11	0.1
Brent Crude (US\$/bbl)	84.1	84.8	0.8
Dow	34,475	34,501	0.1
Hang Seng	18,327	17,951	(2.1)
Sensex	65,151	64,949	(0.3)
India FII (US\$ mn)	11-Aug	14-Aug	Chg (\$ mn)
FII-D	152.4	42.3	(110.2)
FII-E	(306.2)	1,042.0	1,348.2

Source: Bank of Baroda Economics Research

SUMMARY
INDIA ECONOMICS: MONSOON UPDATE

For the cumulative period till 18th August, India's South West Monsoon is down by 6% below LPA (3% below LPA last week) compared with 9% surplus last year for the same period. Region wise distribution signal the uneven distribution with only north Western region receiving higher rainfall, while all the other regions have received scanty rainfall. This uneven spread of rainfall has also impacted the kharif sowing which is marginally up (0.1%) from last year. With sowing season about to end, pulses sowing has declined further and is expected to be largely lower. The impact of the same might be visible on inflation. However, in some relief, rice sowing have logged in at much higher level than last year. Monitoring of rainfall spread in the coming weeks will shed more light on the evolving picture.

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INDIA ECONOMICS: CRUDE IMPORTS

Russia meets a large portion of India's ever growing demand for crude oil. It remains one of the biggest suppliers and in Q1FY24. Its share in total imports has risen remarkably. Back in Q1FY23, against the backdrop of the Russia-Ukraine conflict, India was able to access crude oil at much discounted rates from Russia. Interestingly, this year in Q1FY24 while India continues to imports crude oil at discounted rate from Russia compared with other countries; the premium has actually gone down relative to last year.

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MONSOON UPDATE

19 August 2023

Monsoon and Sowing progress

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Jahnvi Prabhakar
Economist

Where does Kharif sowing stand?

Total Kharif sowing area has improved by only 0.1% as of 18 Aug 2023 (0.8% in the previous week) compared with last year. Sowing area of coarse cereals inched up by 1.6% led by higher sowing in Bajra (1.1%) and Maize (2.2%). Acreage of rice has improved by 4.3% compared with last year. Sugarcane sowing too continue to advance further by 1.3%. On the other hand, acreage of pulses (-9.2%) has declined further (-7.9% previous week) from last year on the back of lower sowing in both Arhar (-6.4%) and Tur (-15.3%). Notably, oilseeds (-1.7%), cotton (-1.9%) and Jute & Mesta (-5.6%) have all logged in lower sowing than last year. Within oilseeds, groundnut, sunflower and sesamum have contributed to the dip in sowing levels.

Table 1: Kharif Sowing

	Area sown in 2023-24 (Lakh ha)	Area sown in 2022-23 (Lakh ha)	Change (YoY %)
Coarse Cereals	176.4	173.6	1.6
Jowar	13.7	14.8	(7.3)
Bajra	69.7	68.9	1.1
Maize	81.2	79.4	2.2
Rice	360.8	345.8	4.3
Pulses	114.9	126.5	(9.2)
Oilseeds	185.9	189.1	(1.7)
Cotton	121.9	124.2	(1.9)
Sugarcane	56.1	55.3	1.3
Jute and Mesta	6.6	6.9	(5.6)
All Crops	1022.5	1021.5	0.1

Source: CEIC, Bank of Baroda | Data as of 18 Aug 2023

Monsoon:

For the period 1 Jun 2023 to 18 Aug 2023, South West Monsoon is 6% below LPA compared with last year.



CRUDE IMPORTS

19 August 2023

India's crude import-story so far

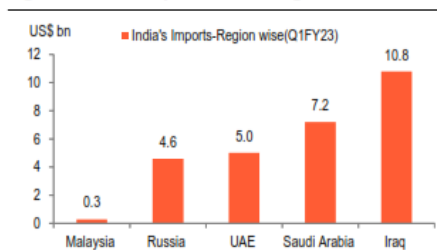
Russia meets a large portion of India's ever growing demand for crude oil. It remains one of the biggest suppliers and in Q1FY24. Its share in total imports has risen remarkably. Back in Q1FY23, against the backdrop of the Russia-Ukraine conflict, India was able to access crude oil at much discounted rates from Russia. Interestingly, this year in Q1FY24 while India continues to imports crude oil at discounted rate from Russia compared with other countries; the premium has actually gone down relative to last year.

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Import of Crude in the Q1FY24 vis-à-vis Q1FY23

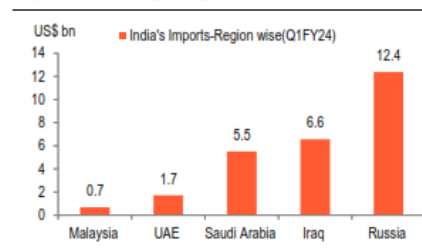
Across the globe, India remains one of the top importers of crude oil due to high demand. In Q1FY23, India had imported over US\$ 10.8bn worth of crude oil from Iraq, much higher compared to other countries. It was during this time the Russia-Ukraine conflict was on the rise and only US\$ 4.6bn of crude oil was imported from Russia. In comparison to Q1FY23, the picture has turned completely in Q1FY24 where Russia became the most important source for import of crude oil. The figure stand at US\$ 12.4bn which is a sharp jump (3-times) from the same period last year.

Figure 1: India's imports across Regions



Source: CME, Bank of Baroda

Figure 2: Russia gaining momentum



Source: CME, Bank of Baroda

With respect to cost, the average price of international crude in Q1FY23 stood at US\$ 112/bbl.

Amongst other countries, Malaysia was providing crude oil to India at US\$131/bbl against the price of US\$ 99/bbl charged by Russia (Figure 3). This price is not only cheaper than other countries but far lower than the international crude oil price too. On the other hand, in Q1FY24, the average price of international crude oil stands at US\$ 77.7/bbl. During this period, UAE and Saudi Arabia has been able provide crude oil at much higher rates of US\$ 86/bbl and US\$ 85/bbl respectively. Notably, Russia has been providing crude oil at a much discounted rates than its global counterparts at US\$ 69/bbl.

It is also interesting to note that in Q1FY23, the premium rate (difference between average international crude price and that charged by Russia), for crude oil per barrel was at US\$ 12.6 (Table 1). On the other hand, this premium amount has fallen down to US\$ 8.8/bbl in Q1FY24, widening the gap between the two prices.



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