

Cos opt for cheap oils in lieu of LNG

New Delhi, April 24: Indian energy importers are switching from pricey liquefied natural gas to cheaper oil products, a move that will help ease tight global supplies of super-chilled fuel.

Buyers including Gail India and Indian Oil Corporation canceled LNG purchase tenders due to high prices, according to people with knowledge of the matter.

India's LNG imports this month are estimated to average 1.9 million tons, down 5 per cent from the same month last year and the lowest monthly volume since December 2023, according to data analytics firm Kpler.

Prices of LNG have been elevated due to a series of recent outages at export plants in Malaysia to Australia. That's in spite of fears that the global trade

war will cut gas demand. Any reduction in Indian purchases will help to free up supply for rival buyers in Asia and Europe.

Spot prices have been trading between \$11 to \$12 per million British thermal units (Btu) over last few weeks, while naphtha rates in India are closer to \$8 to \$9 per million Btu thanks to a slump in crude.

That's pushing refiners, which account for 12 per cent of India's LNG consumption, to switch to naphtha, which is currently readily available due to shutdowns at petrochemical plants like Haldia Petrochemicals and Gail's Uttar Pradesh facility, the people said.

Industries such as ceramic tile-makers have also shifted to cheaper propane, while local, less expensive gas is available on the market. — Bloomberg

