

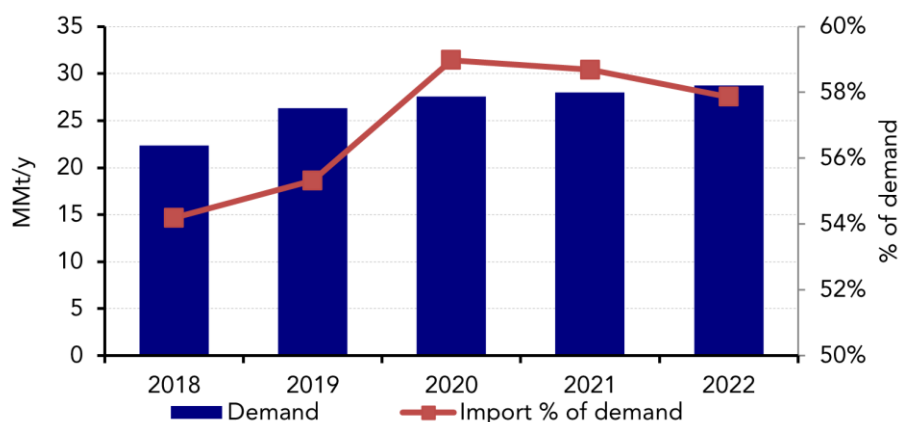


## LPG Market Outlook

### India demand growth to slow, but remain strong

Demand in India is forecast to continue rising from 26 MMt/y in 2019 to 29 MMt/y by 2022. Demand grew by 5% in 2020 to 27.6 MMt/y due to the Covid-19 lockdowns as more LPG was used as cooking fuel while residents stayed home. Looking ahead, growth in demand is expected to slow to roughly 1.5% in 2021. Domestic supplies fell slightly during the pandemic as some refiners scaled back operations which led to higher reliance on imports as demand surged. Most refiners have returned to running at full capacity but roughly 60% of demand will need to be met by imports through 2022.

#### India Demand Forecast

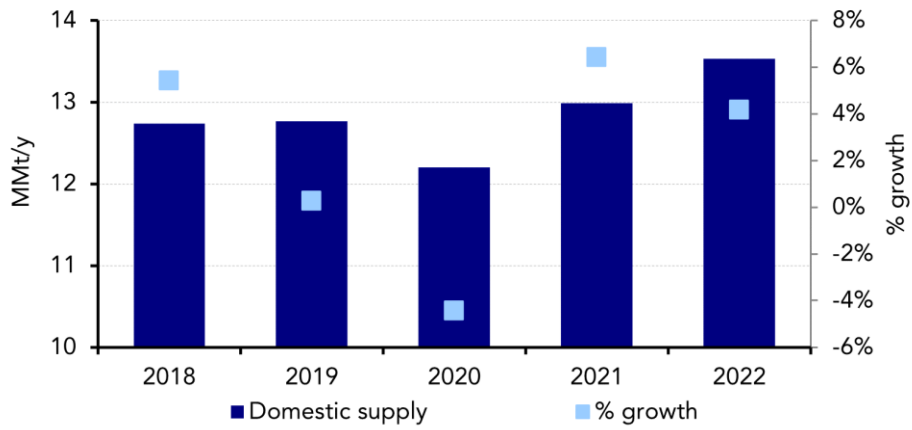


Rising demand for refined products has led to some expansionary plans in the Indian refinery sector. As a result, the domestic supplies of refinery LPG are forecast to increase from 12.8 MMt/y in 2019 to 13.5 MMt/y by 2022. Domestic supplies decreased in 2020 but are expected to rebound by roughly 6% in 2021 to 13 MMt/y with higher refinery run rates.

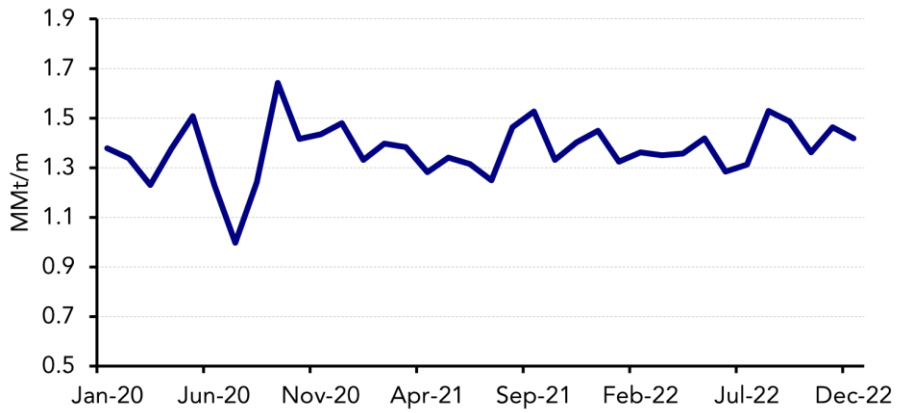
Additionally, Indian refiners have been taking in higher volumes of light crudes which has yielded larger quantities of LPG from refining. Higher consumption of lighter crudes was the result of the price spread between light and heavy crudes and to optimize LPG production.

Imports are expected to increase in the outlook since the rise in demand is expected to outpace the rise in domestic supply. Imports are forecast at 16.5 MMt/y in 2021 and 16.7 MMt/y in 2022 up from 16.3 MMt/y in 2020. Much of the growth in imports will be driven by the residential and commercial sectors and depend on how quickly the economy recovers. Additionally, storage capacity at two bottling plants in southern India is expanding to meet rising demand and reach new markets.

### India LPG domestic supply forecast and growth rates



### India LPG import forecast



In the near term, India may need to source a larger portion of imports from suppliers other than the Middle East if the Asian market cannot find sufficient supplies from the US should the Panama Canal remain congested.