

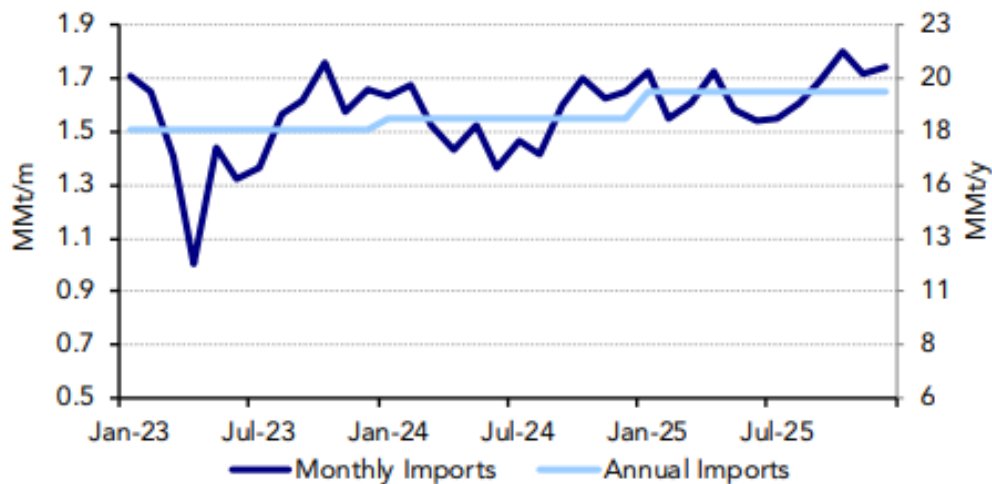


Imports Climbing for India Ahead of Elections

LPG imports for India rose to roughly 1.8 MMt in October compared to the 1.5 MMt/m on average in 2023. The rise in imports comes on the heels of sweeping policy changes made by the government in the LPG market that are forecast to drive demand for LPG higher in 2024 and 2025. LPG imports are forecast at 18.1 MMt in 2023 and will increase in 2024 to 18.6 MMt, with a further increase in 2025 to 19.8 MMt.

Currently, elections are taking place in five Indian states and the general presidential election will be held next year. In a move to secure more votes, the government released funding to connect an additional 7.5 million households below the poverty line to the LPG grid, lowered the price of the LPG cylinder and increased subsidies. Additionally, the government has eliminated the import duty on LPG.

India LPG Export Forecast

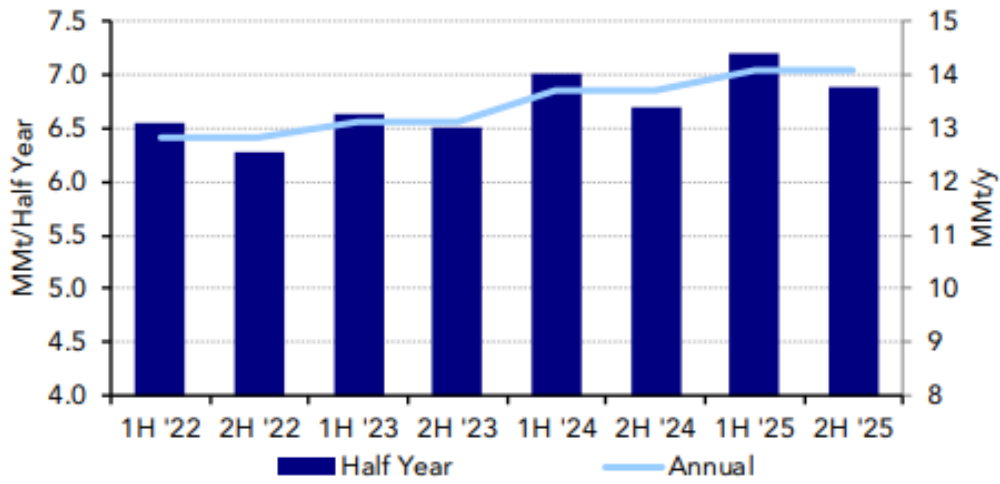


LPG production in India is trending to increase by 2% in 2023 to 12.8 MMt and forecast to increase to 14.1 MMt by 2025. There are plans to expand the refining sector which will help produce higher volumes of oil products to support an expanding petrochemical sector. LPG production in India is typically higher in 1H (due to refinery maintenance which is performed in August and September).

Meanwhile, LPG imports are higher in 2H when demand increases during the Festival of Lights, which typically takes place in October or November. LPG importers will increase imports a month or two ahead of the festival. Gas production has shown a significant increase this year due to the desire to reduce dependence on LNG imports to meet natural gas demand.

However, LPG production from gas plants was flat year over year indicating that much of the gas is dry gas.

India LPG Production Forecast



Source: PPAC, Poten Calculations

LPG demand is forecast to increase by 2% to 29.3 MMt in 2023, 6% in 2024 to 31 MMt, and 5% in 2025 to 32.4 MMt. Demand in India contains more price elasticity than other countries and prices closely track the Saudi Contract Price (CP).

With Middle Eastern exports forecast to decline in the next two years, the Saudi CP may rise and cap potential demand growth in India, given India’s reliance on supply from the Middle East.

India LPG Demand Forecast

