Oil & Gas

Hormuz after mid-terms: deal, deadlock or double-down?

We believe the upcoming US mid-term elections on 3rd Nov'26 could be the definitive catalyst breaking the deadlock between the US and Iran; hence, the fate of Strait of Hormuz (SoH) and, consequently, oil prices may take a decisive turn after the vote. That Iran's top leadership is targeting ships in SoH to keep oil prices elevated in a bid to influence the US midterm elections further underscores the significance of midterms. The balance of power in US Congress could determine whether the US can sustain its military and economic blockade and extract the desired nuclear deal from Iran, or whether domestic political compulsion would force the US administration into ceding unfavourable concessions to Iran.

If the incumbent Republican party loses control of Congress post-midterm (with only 33% approval rating), this could increase Iran's bargaining chips with President Trump and may lead to a deal. The US might then look for an expeditious diplomatic off-ramp amid rising pressure to lower global fuel prices, viewing the global inflation crisis as a political liability. A negotiated settlement favouring Iran could lead to the quick reopening of the SoH, potentially culminating in a moderation in oil prices. Iran's bargaining power stems from holding the global economy hostage by weaponising global inflation with its cheap, asymmetric disruption capabilities; however, the successful blockade of Iranian ports and economic sanctions are also damaging the Iranian economy and its military assets. On the other hand, if the Republican Party emerges stronger post-midterm, it could strengthen the US bargaining power. This can lead to a riskier path of escalation before a deal is made from a position of strength; oil prices may remain high and volatile in the near term as uncertainties continue with a tail risk of potential damage to Gulf countries' energy assets. Nevertheless, this scenario can drive moderation in Brent crude to ~USD 80/bbl in the medium term if the US is able to open the SoH either militarily or via a settlement with Iran.

Besides, as detailed in our recent note Oil on a boil: Chokepoints, tariffs and US midterms, assuming Gulf oil flows normalise over the next few months, we argue that Brent prices may still be supported at ~USD 80/bbl over the next 12 months due to huge restocking demand and higher freight costs, a geopolitical risk premium and the fee charged by Iran. All in all, we retain a BUY each on Oil India and ONGC given their CMPs are discounting only USD 55–60/bbl of net crude realisation. We retain REDUCE on OMCs as their valuations still imply unfavourable risk-reward.

- **If Trump emerges weaker post-midterm (only 33% approval rating):** This could increase Iran's bargaining power and can lead to a deal as US might look for expedited diplomatic off-ramp. If Trump's Republican party loses control of Congress, then Iran's bargaining power can strengthen as hostile Congress could limit the scope of the US naval blockade and military actions. Additionally, Trump administration could seek an expedited diplomatic off-ramp as there could be rising pressure to lower global fuel price and they could view the global inflation crisis as a political liability. Oil price could correct immediately on expectation of a diplomatic breakthrough and ceasefire soon. Furthermore, a negotiated settlement favouring Iran could lead to the quick opening of SoH and flow of Iranian crude, likely to result in moderation of oil prices.
- **If Trump comes stronger post-midterm:** This is likely to strengthen US bargaining power and can lead to riskier path of escalation before making a deal; oil may remain high and volatile in near-term as uncertainties might continue. If Republican party secures control of Congress, this could be interpreted as domestic validation for Iran war and a green light to escalate. This could lead to a significant increase in US bargaining power and could result in military escalation, rather than diplomatic compromises with 3rd military carrier already sent to ME. The US may attempt to unilaterally force SoH to be open or negotiate from strength and signal to Iran that the US is prepared for a prolonged high-intensity conflict. This might force Iran to the negotiating table to prevent total destruction of its military/state infrastructure. The military escalation might lead to high volatile oil prices in the near-term with a tail risk of damage to Gulf energy assets; but can result in moderation in Brent to ~USD 80/bbl if the US is able to open SoH militarily or via deal with Iran.
- **Even if Gulf oil flows normalise; Brent may remain supported at ~USD 80/bbl over next 12 months due to restocking demand/geopolitical risk premium:** Assuming crude flow normalises via the SoH and the Red Sea, we believe Brent may be supported ~USD 80/bbl over next 12 months due to: **i)** huge restocking demand as global oil inventory is likely down 1,000–1,200mmbbl since the ME crisis (Saudi Aramco CEO said 3bnbbl of oil lost during the Iran-crisis with 1bnbbl withdrawn from global inventories, could take up to two years to refill inventory); and **ii)** freight costs/geopolitical risk premium/fee charged by Iran. Over medium- to long-term though, Brent may moderate to ~USD 70/bbl due to a likely rise in supply from the UAE/Iran/Venezuela and risk to OPEC+ pricing power (**Exhibits 8-13**).

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Oil demand-supply exhibits

Global oil supply recovered 2.5mmbpd MoM in Sep'26 as Saudi-led OPEC+ output recover 2.1mmbpd after having declined in Aug'26 due to Houthis attacks on Saudi's oil infra: In its monthly report, IEA said global oil supply recovered by 2.5mmbpd MoM to 102.3mmbpd in Sep'26, led by recovery of 2.1mmbpd for OPEC+ (led by Saudi Arabia) and ~0.5mmbpd for non-OPEC+ (led by UAE) – **exhibit 6.** Crude oil exports from ME Gulf producers rose by 4.4mmbpd in Sep'26 to ~75% of prewar levels; Russia's crude oil production increased by 65kbpd in Sep'26 to 8.4mmbpd (still down 0.9mmbpd YoY), while Iranian exports fell to NIL in Sep'26 due to the US blockade. Separately, global oil stocks fell by 10mmbbl (or 0.3mmbpd) in Sep'26; and down 509mmbbl (or 2.4mmbpd) versus end-Feb'26 (**Exhibits 11–12).**

IEA maintains 1.7mmbpd oil deficit in CY26 and a return to surplus in CY27 assuming SoH normalisation: The IEA expects global oil supply to decline by 5.8mmbpd in CY26 to 100.7mmbpd (versus earlier estimate of 5.7mmbpd decline), led by reduction in OPEC+ supply though partially offset by additional supply of 0.7mmbpd from non-OPEC+. However, it expects global oil supply to rebound by 7.7mmbpd in CY27 to 108.4mmbpd (versus earlier estimate of 8mmbpd rise) on SoH reopening and ME supply normalisation. IEA expects global oil demand to decline by 2.6mmbpd in CY26 to 102.4mmbpd (versus earlier estimate of 2.5mmbpd decline) as stalled US-Iran negotiations may undermine CY27 oil demand recovery; although, it now expects global oil demand to recover by 2mmbpd in CY27 to 104.4mmbpd (versus earlier estimate of 2.6mmbpd rebound). Hence, IEA expects global oil market to have deficit of ~1.7mmbpd in CY26 (in line with earlier estimate of 1.7mmbpd deficit) and surplus of ~4mmbpd in CY27 (versus earlier estimate of 3.7mmbpd surplus) versus surplus of 2.2mmbpd in CY25 – contingent on improved SoH transits.

Near-term crude price is likely to remain supported due to tightness in diesel supply; IEA expects global diesel markets to remain tight till H1CY27 and ease only from H2CY27 with combined losses of diesel exports from ME and Russia totalled 1.3mmbpd or 4.5% of global diesel demand in Sep'26. Global refinery throughput is down by 4–5mmbpd YoY at 81.4mmbpd due to: i) ~2.5mmbpd of ME export refineries yet to restart; ii) ~1.3mmbpd of Russian refinery curtailed by Ukraine attacks (to 3.9mmbpd versus 5.2mmbpd in CY25); and iii) Asian refineries running at reduced rates. However, strong diesel crack is partially offset due to a sharp jump in shipping costs, with freight rate for VLCC on route from ME Gulf to Asia risen to ~USD 36/bbl by early-Oct'26, more than five times the cost before the Iran war. However, after adjusting for windfall tax, net diesel/ATF/petrol cracks earned by independent refiners (CPCL, MRPL and private refiners – SEZ refinery exempted from windfall tax) are USD 20–30/bbl (higher than historical average of USD 15–16/bbl) (**Exhibit 33)**.

Spot Brent has again jumped to USD 125-135/bbl and at a premium of USD 20–30/bbl over delivery for the next one–four months versus ~USD 1/bbl pre-Iran war due to near-term tightness in oil supply. However, to ease near-term tightness, IEA said it will expedite releases of ~100mmbbl of oil inventory (including over 20mmbbl of diesel total amount of oil stocks to be released) exceeding original 400mmbbl agreed upon in Mar'26 with ~331mmbbl already released by end of Sep'26 (with Europe yet to release 46mmbbl, Americas 40mmbbl and Asia-Oceania remaining 10mmbbl) (**Exhibit 4-5)**.

US energy secretary said that an average of 9mmbpd of oil is transiting via SoH and aided by flows through alternative pipelines, ME oil flows are probably two–thirds or more of the pre-conflict level of ~20mmbpd. Moreover, the US President waived off levying tariffs on Russian energy buyers under the recent Graham Act (link to White House press release) saying it is in the national interest of the US. The waiver was widely expected due to: **i)** high risk of sharp spike in crude price if Russia crude supply is disrupted with SoH flows still being disrupted (particularly ahead of 3rd Nov'26 mid-term elections); and **ii)** as China and India are unlikely to reduce Russian crude imports due to the US tariff threat given the disruption in crude supply via SoH.

Exhibit 1. Oil flows via SoH impacted by US-Iran war; Saudi moving oil via Red Sea

mmbpd	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	2QCY26
Strait of Malacca	22.3	23.8	23.4	24.9	21.3	16.6
Strait of Hormuz	20.9	21.0	21.3	21.6	14.9	4.9
Suez Canal and SUMED Pipeline	4.6	5.1	5.6	5.9	5.7	5.8
Bab el-Mandeb (Red sea)	3.9	4.5	4.6	5.4	5.6	8.1
Danish Straits (a)	5.0	4.8	4.9	5.0	4.9	4.7
Turkish Straits (Dardanelles)	3.8	3.7	3.7	3.7	3.3	4.1
Panama Canal	2.8	2.5	2.8	2.8	2.9	3.2
Cape of Good Hope	9.0	9.3	9.0	9.9	8.2	9.4
World total oil supply	**105.0**	**107.7**	**108.2**	**103.9**	**96.1**	**99.7**

Source: EIA. Note: World maritime oil trade excludes intra-country volumes except those volumes that transit global chokepoints and the Cape of Good Hope. (a) The Danish Straits do not include flows through the Kiel Canal.

Exhibit 2. Volume of oil, gas and products transported through SoH down sharply in Q2CY26

	1QCY25	2QCY25	3QCY25	4QCY25	1QCY26	2QCY26
Total oil flows through the Strait of Hormuz (mmbpd)	**21.0**	**21.1**	**21.3**	**21.6**	**14.9**	**4.8**
Crude oil and condensate (mmbpd)	14.8	14.9	15.0	15.9	10.9	3.7
Petroleum products (mmbpd)	6.2	6.2	6.3	5.7	4.0	1.1
LNG flows through the Strait of Hormuz (bcfpd)	**11.7**	**11.0**	**10.9**	**10.5**	**7.4**	**0.8**

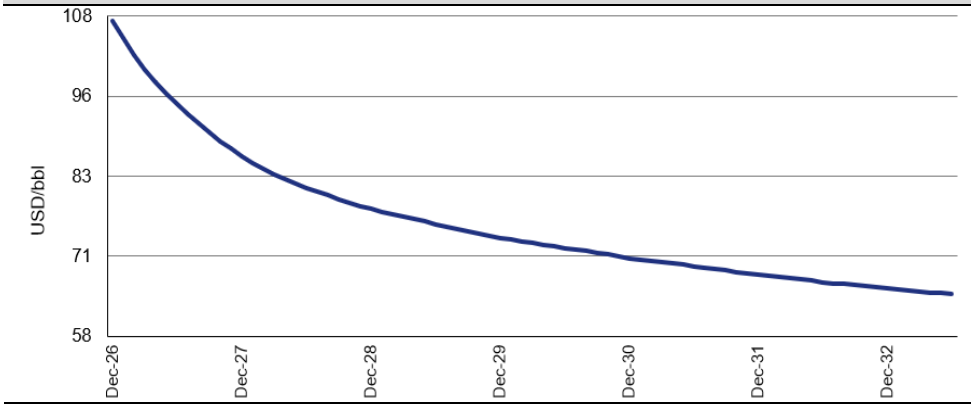
Source: EIA, JM Financial

Exhibit 3. Historical supply outages in global oil market

Event	Start Date	Duration (weeks)	Price Change (%)	Supply loss (%)
Arab Embargo	Oct-73	4	231.6	-3.3
Hostage-taking at US embassy in Iran	Nov-79	14	17.8	-0.3
Start of Iran/Iraq war	Sep-80	2	28.4	-1.5
Iraq invasion of Kuwait	Aug-90	6	58.4	-0.5
Venezuela oil strike	Nov-02	2	117.5	-5.1
EU enforcement of 10-ppm sulfur diesel	Mar-Jun'08	6	45.2	-1.3
Hurricanes Katrina/Rita	Aug-08	4	11.2	-1.2
Collapse of Libyan production	Jan-11	3	27.7	-0.7
Hurricane Harvey	Sep-17	3	12.7	-0.6
Attacks on Saudi Aramco facilities	Sep-19	4	12.4	-5.7

Source: JM Financial

Exhibit 4. Brent forward curve stabilising at ~USD 108/86/78/73 per bbl at end-CY26/CY27/28/29*



Source: Bloomberg, JM Financial. Date:19th October, 2026 * and ~USD 66/bbl over long term

Exhibit 5. Spot Brent jumped to USD 125–135/bbl and at a premium of USD 20-30/bbl over delivery for next 1-4 months vs ~USD 1/bbl pre-Iran war

Date	Dated Brent (Spot)	Brent Forward						Difference between forward Brent price vs Spot Brent price					
		1Month forward (Dec'26)	2M forward (Jan'27)	3M forward (Feb'27)	4M forward (Mar'27)	5M forward (Apr'27)	6M forward (May'27)	1Month forward (Dec'26)	2M forward (Jan'27)	3M forward (Feb'27)	4M forward (Mar'27)	5M forward (Apr'27)	6M forward (May'27)
2/26/2026	72	71	71	70	70	69	69	-1	-1	-2	-2	-3	-3
2/27/2026	71	72	73	72	72	71	70	2	2	1	1	0	-1
3/2/2026	78	78	76	75	74	72	72	0	-2	-3	-4	-5	-6
3/3/2026	85	81	78	76	75	73	72	-3	-6	-8	-10	-11	-12
3/4/2026	81	81	78	76	74	73	72	0	-3	-5	-7	-8	-9
3/5/2026	88	85	81	78	76	75	74	-3	-7	-10	-12	-13	-14
3/6/2026	94	93	87	83	80	78	76	-2	-7	-11	-14	-16	-18
3/9/2026	103	99	94	89	85	82	80	-4	-9	-14	-18	-21	-23
3/10/2026	88	88	85	83	80	78	77	-1	-3	-6	-8	-10	-11
3/11/2026	91	92	89	87	84	82	81	1	-2	-5	-7	-9	-11
3/12/2026	100	100	97	93	90	87	84	0	-4	-7	-11	-13	-16
3/13/2026	104	103	99	95	91	88	86	0	-5	-9	-13	-15	-18
3/16/2026	104	100	96	92	88	86	83	-3	-8	-12	-15	-18	-20
3/17/2026	103	103	99	95	91	88	86	0	-4	-8	-12	-15	-17
3/18/2026	112	107	103	98	94	91	88	-5	-9	-14	-18	-22	-24
3/19/2026	116	109	104	98	94	91	88	-8	-13	-18	-22	-26	-28
3/20/2026	116	112	106	100	95	92	89	-4	-10	-16	-21	-24	-27
3/23/2026	110	100	96	92	88	85	83	-10	-14	-18	-22	-25	-27
3/24/2026	110	104	100	96	92	89	86	-6	-10	-15	-19	-22	-24
3/25/2026	109	102	97	93	89	87	85	-7	-12	-16	-20	-22	-24
3/26/2026	117	108	102	97	93	90	88	-9	-15	-21	-25	-28	-30
3/27/2026	120	113	105	99	94	90	88	-8	-15	-22	-26	-30	-33
3/30/2026	123	113	107	100	95	91	88	-10	-16	-23	-28	-32	-35
3/31/2026	127	118	104	96	90	86	83	-9	-23	-31	-37	-41	-44
4/1/2026	126	101	94	88	84	81	79	**-25**	**-33**	**-39**	**-43**	**-45**	**-47**
4/2/2026	141	109	99	91	86	83	80	**-32**	**-42**	**-50**	**-55**	**-59**	**-61**
4/7/2026	144	109	100	93	88	85	83	**-35**	**-44**	**-52**	**-57**	**-60**	**-61**
4/8/2026	125	95	90	87	84	82	81	**-30**	**-34**	**-38**	**-40**	**-42**	**-43**
4/9/2026	132	96	90	87	84	82	81	**-36**	**-41**	**-45**	**-48**	**-49**	**-51**
4/10/2026	126	95	90	87	85	83	82	**-31**	**-36**	**-39**	**-41**	**-43**	**-44**
4/13/2026	132	99	93	90	87	86	84	**-33**	**-39**	**-43**	**-45**	**-47**	**-48**
4/14/2026	125	95	90	87	85	84	82	**-30**	**-34**	**-37**	**-39**	**-41**	**-42**
4/15/2026	117	95	91	88	86	84	83	**-22**	**-26**	**-29**	**-31**	**-32**	**-34**
4/16/2026	116	99	94	90	87	85	84	**-17**	**-23**	**-27**	**-29**	**-31**	**-32**
4/17/2026	99	90	87	84	82	81	79	-9	-12	-15	-17	-18	-20
4/20/2026	106	95	90	87	85	83	82	-11	-16	-19	-21	-23	-24
4/21/2026	108	98	93	89	87	85	83	-9	-14	-18	-21	-23	-24
4/22/2026	112	102	96	92	89	87	85	-10	-16	-20	-23	-25	-27
4/23/2026	111	105	99	95	91	89	87	-6	-12	-17	-20	-23	-25
4/24/2026	113	105	99	94	91	88	86	-8	-14	-19	-22	-25	-26
4/27/2026	113	108	102	97	93	90	88	-5	-12	-17	-20	-23	-25
4/28/2026	116	111	104	99	95	91	89	-5	-11	-17	-21	-25	-27
4/29/2026	123	118	110	103	98	93	90	-5	-13	-20	-25	-30	-33
4/30/2026	123	114	110	103	98	94	90	-9	-12	-19	-25	-29	-32
8/27/2026	89	90	89	86	84	83	81	**0**	**-1**	**-3**	**-5**	**-7**	**-8**
8/28/2026	90	89	88	86	84	83	81	**0**	**-2**	**-4**	**-6**	**-7**	**-8**
9/1/2026	94	95	92	89	86	84	83	**1**	**-3**	**-5**	**-8**	**-10**	**-11**
9/2/2026	98	96	92	89	86	84	83	**-3**	**-6**	**-9**	**-12**	**-14**	**-16**
9/3/2026	102	96	92	88	86	84	82	**-6**	**-10**	**-13**	**-16**	**-18**	**-20**
9/4/2026	101	96	92	89	87	85	83	**-4**	**-8**	**-12**	**-14**	**-16**	**-18**
9/7/2026	107	97	93	90	87	85	84	**-10**	**-14**	**-17**	**-19**	**-22**	**-23**
9/8/2026	108	98	94	91	89	87	85	**-10**	**-14**	**-17**	**-19**	**-22**	**-23**
9/9/2026	114	101	97	94	91	88	86	**-13**	**-17**	**-21**	**-24**	**-26**	**-28**
9/10/2026	120	108	103	98	95	92	89	**-13**	**-18**	**-22**	**-26**	**-29**	**-31**
9/11/2026	119	105	100	96	92	90	87	**-14**	**-19**	**-23**	**-26**	**-29**	**-31**
9/14/2026	131	106	101	97	93	91	88	**-25**	**-30**	**-34**	**-37**	**-40**	**-42**
9/15/2026	132	109	103	99	95	92	90	**-23**	**-28**	**-33**	**-37**	**-40**	**-42**
9/16/2026	127	106	101	97	93	91	88	**-21**	**-26**	**-30**	**-33**	**-36**	**-38**
9/17/2026	125	105	100	96	93	90	88	**-21**	**-25**	**-29**	**-32**	**-35**	**-37**
9/18/2026	125	104	99	96	93	91	89	**-22**	**-26**	**-29**	**-32**	**-35**	**-37**
9/21/2026	118	100	96	93	91	89	87	**-18**	**-22**	**-25**	**-27**	**-29**	**-31**
9/22/2026	116	99	95	93	90	89	87	**-17**	**-21**	**-24**	**-26**	**-28**	**-29**
9/23/2026	120	103	98	95	93	90	89	**-17**	**-22**	**-25**	**-27**	**-29**	**-31**
9/24/2026	126	107	100	96	94	91	90	**-19**	**-25**	**-29**	**-32**	**-34**	**-36**
9/25/2026	123	104	97	94	92	90	89	**-19**	**-26**	**-29**	**-31**	**-33**	**-34**
9/28/2026	124	105	98	94	92	90	89	**-19**	**-26**	**-29**	**-32**	**-33**	**-35**
9/29/2026	119	103	96	94	92	90	89	**-17**	**-23**	**-26**	**-28**	**-29**	**-31**
9/30/2026	120	104	98	95	93	91	90	**-17**	**-22**	**-25**	**-27**	**-29**	**-31**
10/1/2026	127	102	98	95	93	91	90	**-25**	**-28**	**-32**	**-34**	**-36**	**-37**
10/2/2026	127	102	99	96	94	92	90	**-24**	**-28**	**-31**	**-33**	**-35**	**-36**
10/5/2026	128	100	98	95	94	92	91	**-28**	**-31**	**-33**	**-35**	**-36**	**-38**
10/6/2026	125	101	98	95	93	92	90	**-25**	**-28**	**-30**	**-32**	**-34**	**-35**
10/7/2026	129	100	97	95	94	92	91	**-29**	**-32**	**-34**	**-36**	**-37**	**-38**
10/8/2026	136	104	101	98	96	95	93	**-31**	**-35**	**-37**	**-39**	**-41**	**-43**
10/9/2026	133	105	101	99	96	95	93	**-28**	**-32**	**-34**	**-36**	**-38**	**-40**
10/12/2026	134	107	103	100	98	97	95	**-27**	**-31**	**-34**	**-36**	**-37**	**-39**
10/13/2026	130	106	103	101	99	97	96	**-24**	**-27**	**-29**	**-31**	**-33**	**-34**
10/14/2026	127	106	103	101	99	97	95	**-21**	**-24**	**-26**	**-28**	**-30**	**-32**
10/15/2026	126	106	103	101	98	97	95	**-20**	**-23**	**-26**	**-28**	**-30**	**-32**
10/16/2026	117	110	107	104	102	99	97	**-7**	**-10**	**-13**	**-15**	**-17**	**-19**

Source: Bloomberg, JM Financial

Exhibit 6. OPEC+ crude oil production down ~8.6mmbpd in Sep'26 versus Feb'26 due to the West Asia crisis and UAE's exit from OPEC

Countries	CY19	CY20	CY21	CY22	CY23	CY24	CY25	Feb-26	Mar-26	Apr-26	May-26	Jul-26	Aug-26	Sep-26	Sep'26 vs Feb'26	Sustainable Capacity	Spare Capacity in Sep'26
OPEC																	
Algeria	1.0	0.9	0.9	1.0	1.0	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	1.0	0.0
Congo	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3	0.0
Equatorial Guinea	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Gabon	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.0
Iraq	4.7	4.1	4.0	4.5	4.3	4.3	4.4	4.6	1.6	1.5	1.5	2.9	3.6	4.1	-0.5	4.9	0.8
Kuwait	2.7	2.4	2.4	2.7	2.6	2.5	2.6	2.5	1.2	0.6	0.7	1.8	2.0	1.5	-1.1	2.9	1.4
Nigeria	1.7	1.5	1.3	1.1	1.2	1.3	1.4	1.3	1.4	1.5	1.5	1.5	1.5	1.4	0.1	1.5	0.0
Saudi Arabia	**9.8**	**9.2**	**9.1**	**10.6**	**9.6**	**9.0**	**9.4**	**10.4**	**7.3**	**6.5**	**6.4**	**8.2**	**6.0**	**8.3**	**-2.1**	**12.1**	**3.8**
Total OPEC-9[6]	**23.7**	**21.5**	**21.1**	**23.8**	**22.5**	**21.8**	**22.8**	**24.0**	**15.2**	**14.0**	**11.7**	**15.9**	**14.6**	**16.8**	**-7.2**	**22.8**	**6.1**
Iran[3]	2.4	2.0	2.4	2.6	3.0	3.3	3.4	3.7	3.6	3.5	2.3	2.7	2.2	1.9	-1.7	3.8	1.9
Libya[3]	1.1	0.4	1.2	1.0	1.2	1.1	1.2	1.3	1.2	1.3	1.3	1.4	1.4	1.3	0.0	1.3	0.1
Venezuela[3]	0.9	0.5	0.6	0.7	0.8	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.2	0.3	1.1	0.0
Total OPEC	**28.0**	**24.4**	**25.2**	**28.0**	**27.4**	**27.1**	**28.3**	**29.8**	**21.1**	**19.8**	**16.4**	**21.1**	**19.3**	**21.2**	**-8.7**	**29.1**	**7.9**
Azerbaijan	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.0	0.4	0.0
Kazakhstan	1.6	1.5	1.6	1.5	1.6	1.5	1.8	1.4	1.9	1.9	1.9	1.6	1.9	1.9	0.4	1.8	0.0
Mexico[4]	1.5	1.5	1.6	1.6	1.7	1.6	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	0.0	1.5	0.1
Oman	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.9	0.9	0.1	0.9	0.0
Russia	**10.2**	**9.7**	**9.6**	**9.7**	**9.6**	**9.3**	**9.2**	**8.7**	**9.0**	**9.0**	**8.7**	**8.8**	**8.4**	**8.4**	**-0.2**	**9.3**	**0.9**
Others[5]	0.9	0.9	0.9	0.9	0.8	0.7	0.8	0.8	0.6	0.6	0.6	0.7	0.6	0.6	-0.1	0.9	0.2
Total Non-OPEC	**15.7**	**15.0**	**14.9**	**15.0**	**15.0**	**14.3**	**14.4**	**13.6**	**14.2**	**14.1**	**13.9**	**13.6**	**13.5**	**13.7**	**0.1**	**14.8**	**1.2**
OPEC+-18 in cut deal[3]	**37.8**	**35.0**	**34.4**	**37.2**	**35.8**	**34.6**	**35.8**	**36.1**	**28.0**	**24.3**	**24.3**	**28.0**	**26.7**	**29.0**	**-7.1**	**36.2**	**7.1**
Total OPEC+	**43.7**	**39.4**	**40.2**	**43.0**	**42.4**	**41.4**	**42.8**	**43.4**	**35.2**	**31.4**	**30.3**	**34.6**	**32.8**	**34.8**	**-8.6**	**43.9**	**9.1**

Source: IEA, JM Financial

Exhibit 7. Monthly crude production trend in OPEC and key non-OPEC countries – OPEC crude output fell 8.7mmbpd in Sep'26 versus Feb'26

Countries	CY19	CY20	CY21	CY22	CY23	CY24	CY25	Feb-26	Jul-26	Aug-26	Sep-26	Sep'26 vs Feb'26 (mmbpd)
OPEC												
Saudi Arabia	9.8	9.2	9.1	10.6	9.6	9.0	9.4	10.4	8.2	6.0	8.3	-2.1
Iran	2.4	2.0	2.4	2.6	3.0	3.3	3.4	3.7	2.7	2.2	1.9	-1.7
Venezuela	0.9	0.5	0.6	0.7	0.8	0.9	0.9	0.9	1.1	1.2	1.2	0.3
Nigeria	1.7	1.5	1.3	1.2	1.2	1.3	1.4	1.3	1.5	1.5	1.4	0.1
Liby a	1.1	0.4	1.1	1.0	1.2	1.1	1.2	1.3	1.4	1.4	1.3	0.0
Iraq	4.7	4.1	4.0	4.4	4.3	4.3	4.4	4.6	2.9	3.6	4.1	-0.5
UAE	3.1	2.9	2.7	3.2	3.3	3.2	3.5	3.6	0.0	0.0	0.0	-3.6
Kuwait	2.7	2.4	2.4	2.7	2.6	2.5	2.6	2.5	1.8	2.0	1.5	-1.1
Angola	1.4	1.3	1.1	1.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other OPEC	2.2	1.6	1.5	1.6	1.5	1.4	1.5	1.5	1.5	1.5	1.5	-0.1
Total OPEC crude	**30.0**	**25.8**	**26.3**	**29.0**	**28.3**	**27.1**	**28.3**	**29.8**	**21.1**	**19.3**	**21.2**	**-8.7**
Non-OPEC												
Russia	**11.6**	**9.7**	**9.6**	**9.7**	**9.6**	**9.3**	**9.2**	**8.7**	**8.8**	**8.4**	**8.4**	**-0.2**
Kazakhstan		1.8	1.9	1.8	1.9	1.9	1.9	1.4	1.6	1.9	1.9	0.4
US crude (excluding NGL's)	12.3	11.3	11.3	12.0	12.9	13.2	13.6	13.7	13.8	13.8	13.9	0.1
US NGL (Natural Gas Liquid)	4.8	5.2	5.4	5.9	6.5	7.0	7.5	7.5	7.8	7.8	7.8	0.3

Source: IEA, EIA, OPEC OMR, Reuters, JM Financial.

Exhibit 8. Non-OPEC+ countries to add ~0.7/1.7mmbpd to oil supply in CY26/27 versus ~1.5/1.9mmbpd in CY24/25

	YOY Growth (mmbpd)												Avg p.a. growth CY11-CY27E	Avg p.a. growth CY16-CY27E	Avg p.a. growth CY20-CY27E
	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E			
Non-OPEC+ *															
OECD															
Americas	-0.3	1.0	2.9	1.8	-0.8	0.4	1.3	1.7	1.1	1.1	0.7	0.6	1.0	1.0	0.8
United States	-0.4	0.7	2.4	1.6	-0.6	0.1	1.2	1.6	0.9	0.8	0.6	0.5	0.9	0.8	0.6
Canada	0.1	0.4	0.6	0.1	-0.2	0.3	0.1	0.0	0.3	0.3	0.1	0.1	0.2	0.2	0.1
Chile	-	-	-	-	-	-	-0.0	0.0	-	-	-	-	0.0	-	-
Europe	0.1	-0.0	-0.0	-0.1	0.2	-0.2	-0.2	0.0	-0.0	0.1	-	-0.1	-0.1	-0.0	-0.0
Asia Oceania	-0.0	-0.0	0.0	0.1	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
Total OECD (D)	-0.3	0.9	2.9	1.7	-0.5	0.3	1.1	1.6	1.1	1.2	0.7	0.5	1.0	0.9	0.7
Non-OECD													-	-	-
Asia	0.5	-0.2	-0.2	-0.1	-0.1	-0.1	-0.0	0.0	-0.0	0.1	-	-0.1	-0.1	-0.0	-0.0
Europe	-	-0.0	-0.0	-	-	-0.0	-0.0	-	-0.0	-	-0.0	-	-0.0	-0.0	-0.0
Americas	-0.1	0.1	-0.0	0.2	0.6	-0.0	0.3	0.6	0.3	0.6	0.8	0.3	0.2	0.3	0.4
Brazil	0.1	0.1	-0.0	0.2	0.1	-0.0	0.1	0.4	-0.1	0.4	0.5	0.1	0.1	0.2	0.2
Guyana	-	-	-	-	-	-	-	0.4	0.2	0.1	0.2	0.2	0.1	0.1	0.1
Middle East	-0.0	0.0	2.0	-0.0	-0.2	0.1	-0.0	-0.0	0.0	0.0	-0.9	0.6	0.1	0.1	-0.1
Africa	-0.6	0.1	-0.3	0.0	-0.1	-0.1	-0.0	1.2	-0.1	-0.0	0.0	0.2	0.0	0.0	0.1
Total Non-OECD (E)	-0.2	-0.1	1.6	0.2	0.2	-0.1	0.2	1.8	0.2	0.6	-0.2	1.1	0.2	0.4	0.5
Processing Gains (F) *	0.0	0.0	0.0	0.0	-0.2	0.1	0.0	0.1	0.0	0.1	-0.1	0.1	0.0	0.0	0.0
Global Biofuels (G)	0.0	0.1	0.2	0.2	-0.2	0.1	0.2	0.2	0.2	0.0	0.2	0.1	0.1	0.1	0.1
Total Non-OPEC (H) = (D) + (E) + (F) + (G)	-0.4	0.9	4.8	2.1	-0.8	0.4	1.6	3.7	1.5	1.9	0.7	1.7	1.3	1.5	1.3

Source: IEA OMR *Comprises crude oil, condensates, NGLs and oil from non-conventional sources **Net volumetric gains and losses in refining and marine transportation losses.

Exhibit 9. OPEC and non-OPEC production trend (mmbpd)

Countries	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E
OPEC												
Saudi Arabia	10.4	10.0	10.3	9.8	9.2	9.1	10.5	9.6	9.1	9.4		
Iran	3.6	3.8	3.6	2.4	2.0	2.4	2.5	3.0	3.3	3.3		
Iraq	4.4	4.5	4.6	4.7	4.1	4.0	4.4	4.3	4.3	4.4		
UAE	3.1	2.9	3.0	3.1	2.9	2.7	3.3	3.3	3.2	-		
Kuwait	2.9	2.7	2.8	2.7	2.4	2.4	2.7	2.7	2.6	2.7		
Total Crude Oil (A)	32.8	32.4	31.9	30.0	25.7	26.4	29.1	27.4	27.2	25.0		
Total NGL (B)	6.8	6.9	5.5	5.5	5.1	5.2	5.3	5.5	5.5	4.8	4.0	4.8
Total OPEC (C) = (A)+(B)	39.6	39.2	37.4	35.4	30.8	31.6	34.4	32.9	32.8	29.7		
Non-OPEC												
OECD												
Americas	19.5	20.3	23.0	24.6	23.9	24.3	25.6	27.5	28.5	29.4	30.1	30.5
United States	12.5	13.2	15.5	17.2	16.6	16.7	17.9	19.5	20.4	21.2	21.8	22.3
Mexico	2.5	2.2	2.1	1.9	1.9	2.0	2.0	2.1	2.0	1.8	1.8	1.6
Canada	4.5	4.8	5.4	5.5	5.4	5.7	5.8	5.8	6.1	6.4	6.5	6.6
Chile	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0
Europe	3.5	3.5	3.5	3.3	3.6	3.4	3.2	3.2	3.2	3.3	3.3	3.2
Asia Oceania	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Total OECD (D)	23.4	24.1	26.9	28.5	27.9	28.2	29.3	31.1	32.1	33.1	33.8	34.1
Non-OECD												
Former USSR	14.2	14.4	14.6	14.6	13.5	13.8	13.9	13.8	13.5	13.6	13.2	13.2
Russia	11.3	11.4	11.5	11.6	10.6	10.9	11.1	11.0	10.7	10.6	10.2	10.2
Azerbaijan				0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.5
Kazakhstan				1.9	1.8	1.9	1.8	1.9	1.9	2.1	2.1	2.1
Others	2.9	3.0	3.1	3.1	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Asia	7.6	7.3	7.2	7.1	7.0	6.9	6.9	6.9	6.9	7.0	7.0	6.9
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Americas	4.5	4.5	4.5	4.7	5.3	5.3	5.6	6.2	6.5	7.0	7.8	8.1
Brazil	2.6	2.7	2.7	2.9	3.0	3.0	3.1	3.5	3.4	3.9	4.3	4.4
Guyana								0.4	0.6	0.7	0.9	1.1
Middle East	1.3	1.3	3.3	3.2	3.0	3.1	3.2	3.1	3.1	7.6	6.8	8.1
Africa	1.7	1.7	1.5	1.5	1.4	1.3	1.3	2.5	2.5	2.4	2.4	2.6
Total Non-OECD (E)	29.3	29.3	31.1	31.3	30.3	30.5	31.0	32.7	32.5	37.6	37.3	38.9
Processing Gains (F)	2.3	2.3	2.3	2.4	2.1	2.3	2.3	2.4	2.4	2.4	2.4	2.5
Global Biofuels (G)	2.3	2.4	2.6	2.8	2.6	2.7	2.9	3.1	3.3	3.4	3.5	3.7
Total Non-OPEC (H) = (D) + (E) + (F) + (G)	57.4	58.1	62.9	64.9	63.0	63.7	65.5	69.3	70.3	76.5	77.0	79.1
Total Supply (C) + (H)	97.0	97.4	100.3	100.3	93.8	95.3	99.9	102.3	103.0	106.3		

Source: IEA, JM Financial

Exhibit 10. Chinese crude imports continue recover MoM to 9mmbpd in Sep'26 (but still down 22% YoY)

	CY22	CY23	CY24	CY25	CY26TD	CY25TD	% YoY	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	% YoY
Refinery Throughput																						
Total Throughput (mmt)	673.9	738.4	715.9	737.1	458.4	487.7	-6%	63.5	62.7	63.4	60.8	62.5	62.5	62.5	61.7	54.7	53.7	51.2	53.1	59.1	NA	NA
Total Throughput (mmbpd)	13.5	14.8	14.3	14.7	13.8	14.6	-6%	14.9	15.3	14.9	14.8	14.7	14.7	16.3	14.5	13.3	12.7	12.5	12.5	13.9	NA	NA
Exports																						
Diesel (mmt)	**10.9**	**13.8**	**8.0**	**6.7**	**4.9**	**4.6**	**6%**	**0.9**	**0.5**	**0.7**	**0.4**	**0.4**	**0.4**	**0.5**	**0.8**	**0.2**	**0.4**	**0.4**	**0.8**	**1.3**	**NA**	**NA**
Gasoline (mmt)	12.7	12.3	9.7	8.0	2.4	5.7	-57%	0.9	0.7	0.8	0.6	0.3	0.5	0.3	0.3	0.0	0.0	0.1	0.4	0.7	NA	NA
Total oil product exports (mmt)	**53.8**	**62.8**	**58.1**	**58.0**	**34.2**	**37.9**	**-10%**	**5.3**	**5.1**	**4.5**	**5.1**	**5.4**	**4.3**	**3.8**	**4.6**	**3.1**	**3.4**	**4.4**	**4.7**	**6.0**	**7.2**	**39.3%**
Imports																						
Crude (**mmt**)	508.4	564.3	553.5	579.0	321.4	376.5	-14.6%	49.5	47.3	48.4	50.9	56.0	48.9	48.1	50.0	38.5	33.1	29.3	35.7	37.9	37.1	-21.5%
Crude (**mmbpd**)	10.2	11.3	11.0	11.6	9.7	11.3	-14.6%	11.7	11.5	11.4	12.4	13.2	11.5	12.5	11.8	9.4	7.8	7.1	8.4	8.9	9.0	-21.5%
Total oil product imports (mmt)	26.3	47.8	48.8	42.5	22.3	26.8	-17%	3.3	4.0	3.5	4.2	4.0	4.3	4.8	3.6	1.8	1.3	1.7	2.5	2.3	1.8	-53.2%
LNG (mmt)	63.8	71.8	77.4	69.1	39.2	42.2	-7%	6.4	5.8	5.8	6.9	8.5	6.7	3.9	4.0	3.6	4.9	5.7	5.5	5.2	NA	NA
Piped natural gas (mmt)	45.8	48.7	55.0	59.4	39.4	40.1	-1.9%	5.5	5.3	4.0	5.0	5.0	4.8	4.7	4.2	4.9	5.3	5.3	5.1	5.2	NA	NA

Source: IEA

Exhibit 11. IEA expects global oil demand to contract 2.6mmbpd in CY26 and rebound by 2mmbpd in CY27 (1.4mmbpd growth in CY25)

mmbpd	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E
IEA														
Global demand (mmbpd)	95.3	95.3	96.5	98.2	99.3	99.7	90.8	97.5	99.9	102.0	103.6	105.0	102.4	104.4
Demand growth (mmbpd, YoY)		1.9	1.1	1.7	1.1	0.4	-8.9	6.7	2.4	2.1	1.6	1.4	-2.6	2.0
EIA														
Global demand (mmbpd)	94.1	95.9	97.5	99.4	100.1	100.9	91.6	97.5	99.6	101.5	103.1	104.4	102.4	104.7
Demand growth (mmbpd, YoY)		1.8	1.6	1.9	0.7	0.8	-9.3	6.0	2.0	1.9	1.6	1.3	-2.0	2.2

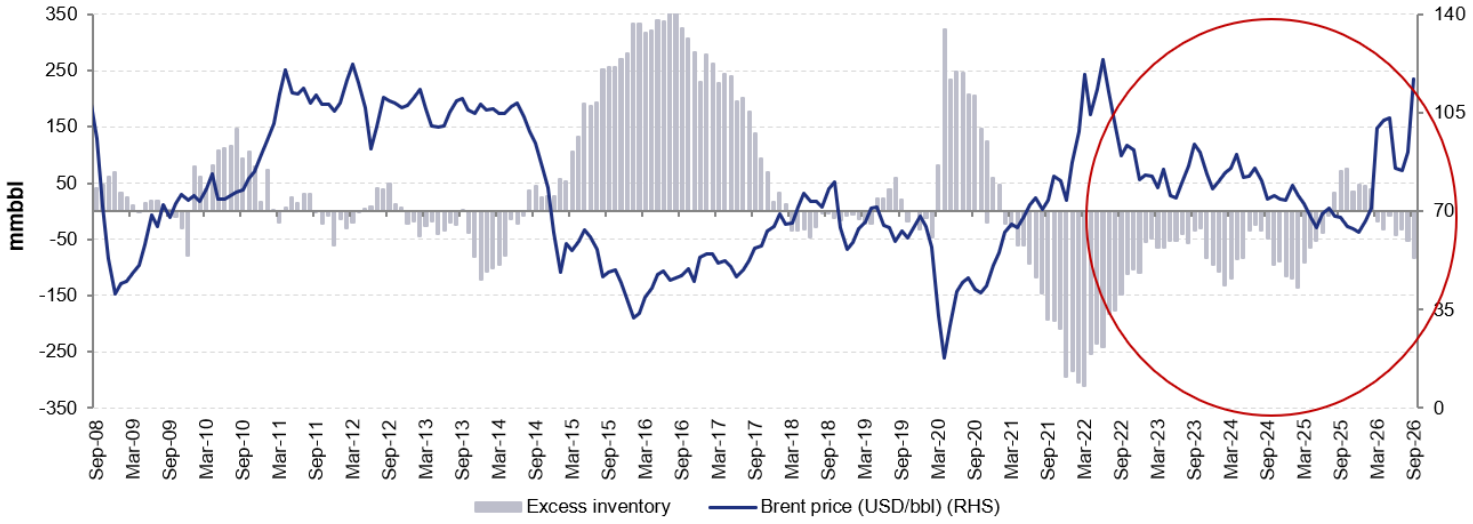
Source: IEA, EIA

Exhibit 12. EIA expects global oil demand-supply to be in 1.3mmbpd deficit in CY26, but turn to a surplus of 4.9mmbpd in CY27

	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E
Supply (mmbpd)							
Total world supply	***95.6***	***100.5***	***102.5***	***103.2***	***106.3***	***101.1***	***109.5***
Crude Oil	*72.2*	*76.0*	*76.8*	*76.6*	*79.0*	*75.4*	*81.5*
Other Liquids	*23.4*	*24.5*	*25.7*	*26.5*	*27.3*	*25.7*	*28.0*
OPEC	***30.4***	***28.9***	***28.5***	***28.4***	***29.3***	***24.0***	***29.2***
Crude Oil	*25.2*	*24.5*	*24.0*	*23.8*	*24.6*	*20.5*	*24.4*
Other Liquids	*5.2*	*4.4*	*4.6*	*4.6*	*4.7*	*3.5*	*4.8*
Non-OPEC	***65.2***	***71.6***	***74.0***	***74.7***	***76.9***	***77.2***	***80.4***
Crude Oil	*47.1*	*51.5*	*52.9*	*52.8*	*54.4*	*55.0*	*57.1*
Other Liquids	*18.2*	*20.0*	*21.1*	*21.9*	*22.6*	*22.2*	*23.3*
Consumption (mmbpd)							
Total World Consumption	***96.9***	***99.8***	***101.5***	***103.1***	***104.4***	***102.4***	***104.6***
OECD	***44.8***	***45.7***	***45.8***	***46.2***	***46.3***	***45.7***	***46.2***
Canada	*2.3*	*2.4*	*2.5*	*2.5*	*2.6*	*2.5*	*2.5*
Europe	*13.1*	*13.6*	*13.4*	*13.6*	*13.5*	*13.4*	*13.5*
Japan	*3.4*	*3.3*	*3.3*	*3.2*	*3.1*	*3.0*	*3.0*
United States	*19.9*	*20.0*	*20.3*	*20.5*	*20.7*	*20.6*	*20.8*
U.S. Territories	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*
Other OECD	*6.0*	*6.2*	*6.2*	*6.4*	*6.3*	*6.1*	*6.3*
Non-OECD	***52.1***	***54.1***	***55.7***	***56.9***	***58.1***	***56.8***	***58.5***
China	*15.1*	*15.2*	*16.0*	*16.4*	*16.6*	*16.0*	*16.3*
Eurasia	*4.8*	*4.9*	*5.0*	*5.1*	*5.1*	*5.1*	*5.0*
Europe	*0.7*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*	*0.8*
Other Asia	*12.9*	*13.5*	*14.0*	*14.5*	*14.9*	*14.8*	*15.6*
Other non-OECD	*18.5*	*19.6*	*19.9*	*20.2*	*20.6*	*20.1*	*20.8*
Surplus/(Deficit) (mmbpd)	***-1.3***	***0.7***	***1.0***	***0.0***	***1.9***	***-1.3***	***4.9***

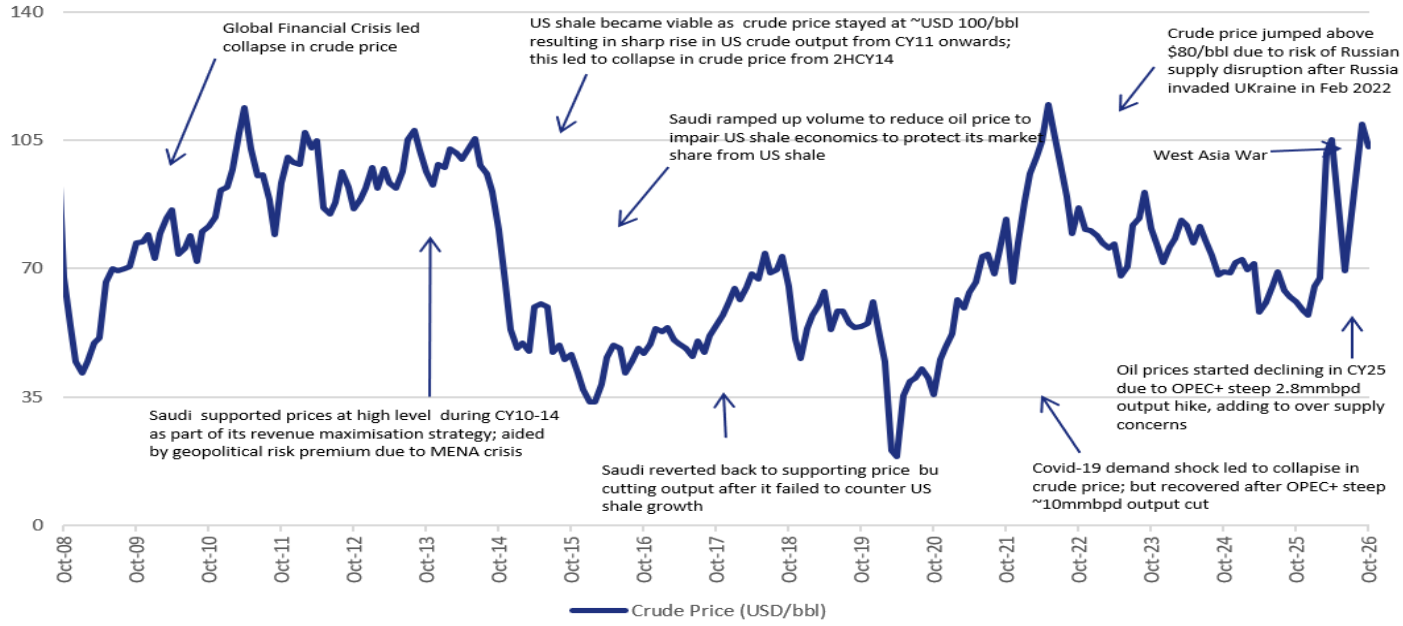
Source: EIA, JM Financial

Exhibit 13. OECD commercial inventories fall – Sep'26 at 2,766mmbbl, 140mmbbl below Feb'26 levels, 83mmbbl below 5Y average



Source: IEA, Bloomberg, JM Financial

Exhibit 14. Historical crude oil prices and shifts in Saudi Arabia's revenue maximisation and market share strategy



Source: Bloomberg, JM Financial

Exhibit 15. KSA: Fiscal breakeven crude price – Short-term USD 87–92/bbl, long-term USD 83/bbl

USD/bbl	Avg 2000-20	2021	2022	2023	2024	2025E	2026E	2030E
Algeria	101	111	113	104	156	157	142	120
Azerbaijan	53	58	67	55	68	87	86	91
Bahrain	85	132	132	138	161	137	139	167
Iran	92	119	123	123	138	163	165	133
Iraq	71	54	69	804	84	79	79	80
Kazakhstan	…	184	95	109	114	121	128	101
Kuw ait	60	88	82	80	88	80	77	82
Libya	75	52	64	66	74	67	63	61
Oman	70	77	55	54	54	57	54	42
Qatar	45	48	49	50	47	45	43	38
Saudi Arabia	80	83	89	95	96	92	87	83
Turkmenistan	38	29	32	38	43	45	47	56
United Arab Emirates	50	53	47	46	50	50	45	38

Source: IMF, JM Financial

Exhibit 16. Russian crude imports at 2.1mmbpd in Aug'26 (and at a premium of USD 0.2/bbl) and at 2.1-2.6mmbpd in last 3 months

	India's total crude imports			India's crude imports from Russia			Russia crude proportion and discount		
Year/Month	Value (USD bn)	Qty (mmbpd)	Average Cost (USD/bbl)	Value (USD bn)	Qty (mmbpd)	Average Cost (USD/bbl)	Russia's share in India's crude imports	Russia crude premium/ (discount) (%)	Russia crude premium/ (discount) ($/bbl)
Annual details									
FY20	102.7	4.44	63.3	1.7	0.07	66.6	1.6%	5%	3.3
FY21	59.3	3.79	42.8	0.9	0.06	46.5	1.5%	9%	3.7
FY22	122.6	4.43	75.8	2.5	0.09	77.9	2.0%	3%	2.0
FY23	162.1	4.77	93.2	31.3	1.02	83.6	21.5%	-10%	-9.5
FY24	139.3	4.65	81.9	46.5	1.67	76.2	35.9%	-7%	-5.7
FY25	143.0	4.91	79.7	50.2	1.76	78.2	35.8%	-2%	-1.5
FY26	**134.7**	**5.23**	**70.6**	**40.8**	**1.63**	**68.5**	**31.2%**	**-3%**	**-2.0**
Monthly details									
Jun-25	10.5	5.13	68.3	3.4	1.71	66.2	33.4%	-3%	-2.1
Jul-25	12.1	5.41	72.4	3.6	1.69	69.2	31.2%	-4%	-3.2
Aug-25	9.8	4.39	72.3	3.6	1.64	70.7	37.4%	-2%	-1.6
Sep-25	10.7	4.93	72.4	3.3	1.59	69.5	32.3%	-4%	-2.9
Oct-25	11.3	5.17	70.4	3.6	1.70	67.7	32.8%	-4%	-2.7
Nov-25	10.9	5.37	68.0	3.7	1.89	65.7	35.2%	-3%	-2.3
Dec-25	11.3	5.51	66.0	2.7	1.37	63.9	24.9%	-3%	-2.2
Jan-26	10.3	5.22	63.5	2.0	1.08	59.4	20.6%	-7%	-4.1
Feb-26	9.8	5.39	65.1	2.5	1.43	62.1	26.5%	-5%	-3.0
Mar-26	9.5	3.76	81.8	3.2	1.25	83.8	33.3%	2%	2.0
Apr-26	15.4	4.78	107.1	5.8	1.64	117.6	34.3%	10%	10.5
May-26	19.0	5.17	118.4	8.1	2.12	122.9	41.1%	4%	4.5
Jun-26	14.8	4.46	110.3	7.2	2.14	111.7	48.0%	1%	1.4
Jul-26	14.2	5.06	90.7	7.3	2.62	89.6	51.8%	-1%	-1.1
Aug-26	**12.2**	**4.69**	**87.1**	**5.4**	**2.08**	**87.3**	**44.4%**	**0%**	**0.2**

Source: CMIE, JM Financial

Exhibit 17. India's crude imports sourcing mix (%) – MoM decline in imports from Russia/Saudi but rise seen in imports from UAE/US/Iraq/Nigeria

Period	Russia	Iraq	USA	Saudi Arabia	UAE	Nigeria	Kuwait	Egypt	Rest of World	Total
CY21	2%	24%	10%	16%	11%	7%	6%	1%	22%	100%
CY22	14%	23%	8%	18%	10%	4%	5%	1%	17%	100%
CY23	35%	21%	5%	15%	6%	2%	3%	1%	13%	100%
CY24	36%	21%	3%	13%	9%	2%	3%	0%	13%	100%
CY25	32%	19%	7%	14%	10%	3%	3%	1%	11%	100%
Jan-26	21%	17%	6%	17%	9%	3%	7%	0%	20%	100%
Feb-26	27%	18%	5%	18%	11%	3%	4%	0%	14%	100%
Mar-26	33%	11%	5%	11%	8%	2%	3%	2%	24%	100%
Apr-26	34%	1%	4%	17%	11%	5%	0%	0%	28%	100%
May-26	41%	1%	5%	8%	15%	5%	0%	0%	25%	100%
Jun-26	48%	1%	0%	6%	18%	2%	1%	0%	25%	100%
Jul-26	52%	2%	3%	9%	11%	1%	0%	1%	22%	100%
Aug-26	44%	4%	5%	6%	17%	4%	1%	1%	17%	100%

Source: CMIE, JM Financial.

Exhibit 18. India's domestic LPG usage down 9% while commercial LPG usage falls 29% in Sep'26 versus Feb'26

	FY24	FY25	FY26	Sep'25	Feb'26	Mar'26	Apr'26	May'26	Jun'26	Jul'26	Aug'26	Sep'26	Sep'26 vs Feb'26 (%)	YoY (%)	Mar'25-Sep'25	Mar'26-Sep'26	YoY (%)
LPG: Packed Domestic	26.2	27.7	28.7	2.4	2.4	2.2	2.0	1.9	2.0	2.1	2.0	2.2	-9%	-9%	16.5	14.4	-13%
LPG: Packed Non-Domestic	2.8	2.7	3.0	0.3	0.3	0.1	0.2	0.2	0.2	0.2	0.2	0.3	-6%	-4%	10.0	1.4	-86%
LPG: Bulk	0.6	0.8	1.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-23%	-29%	9.5	0.2	-98%
Auto LPG	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37%	18%	9.2	0.1	-99%
PSU Sales (a)	**29.6**	**31.2**	**33.0**	**2.8**	**2.8**	**2.4**	**2.2**	**2.1**	**2.2**	**2.3**	**2.3**	**2.5**	**-9%**	**-9%**	**17.6**	**16.0**	**-9%**
Direct Private Imports (b)	0.0	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-69%	-40%	9.3	0.1	-99%
Total LPG consumption (a+b)	**29.7**	**31.3**	**33.2**	**2.8**	**2.8**	**2.4**	**2.2**	**2.1**	**2.2**	**2.3**	**2.3**	**2.5**	**-10%**	**-9%**	**17.7**	**16.2**	**-9%**

Source: CMIE, JM Financial.

Oil India and ONGC key beneficiaries of elevated oil prices

We **maintain a BUY each on Oil India (unchanged TP: INR 580) and ONGC (unchanged TP: INR 300)** based on Brent price assumption of USD 70/bbl FY28E onwards, while their CMPs are discounting only USD 55–60/bbl of net crude realisation. Every USD 1/bbl rise in oil price boosts ONGC's and Oil India's EPS by 1–2% each.

We prefer Oil India as it offers a 15–20% EPS compounding story over next three–five years due to: **i)** NRL refinery expansion from 3mmtpa to 9mmtpa by end-FY27E and its gradual ramp-up to 100% utilisation in two–three years; **ii)** robust crude output growth trend since Q4FY26; it is likely to get to its 4mmt target in FY27E (versus 3.45mmt in FY26); **iii)** growth in gas output to ~3.8bcm by FY28E (versus 3.2bcm in FY26) along with ramp-up of NRL's expanded capacity, and thereafter to 5bcm in FY29 once evacuation pipeline facilities are in place; and **iv)** likely reversal of excise cut on auto-fuel to restore excise benefit of ~USD 16/bbl for the NRL refinery.

Exhibit 19: OIL: FY28E* EPS sensitivity to net crude realisation/gas price**

Net crude realisation (USD/bbl) \ Gas Price (USD/mmbtu)	5.7	6.6	7.4	8.2	9.0	9.8	10.7
55	41.9	44.9	47.9	50.9	53.8	56.8	59.8
60	47.0	50.0	52.9	55.9	58.9	61.8	64.8
65	52.0	55.0	58.0	60.9	63.9	66.9	69.9
70	57.1	60.0	63.0	**66.0**	69.0	71.9	74.9
75	62.1	65.1	68.1	71.0	74.0	77.0	80.0
80	67.2	70.1	73.1	76.1	79.1	82.0	85.0
90	77.3	80.2	83.2	86.2	89.1	92.1	95.1

Source: Company, JM Financial *Consolidated **INR/share

Exhibit 20: OIL: Valuation sensitivity to net crude realisation/gas price*

Net crude realisation (USD/bbl) \ Gas Price (USD/mmbtu)	5.7	6.6	7.4	8.2	9.0	9.8	10.7
55	400	422	444	467	489	511	533
60	438	460	482	504	527	549	571
65	475	498	520	542	565	587	609
70	513	536	558	**580**	602	625	647
75	551	573	596	618	640	662	685
80	589	611	633	656	678	700	723
85	627	649	671	694	716	738	760

Source: Company, JM Financial *INR/share

Exhibit 21: ONGC: FY28E *EPS sensitivity to net crude realisation/gas price**

INR/share

Net crude realisation (USD/bbl) \ Gas Price (USD/mmbtu)	5.3	6.0	6.8	7.5	8.3	9.0	9.8
53	13.3	15.3	17.3	19.3	21.3	23.3	25.3
58	17.2	19.2	21.2	23.3	25.3	27.4	29.4
63	21.0	23.1	25.2	27.3	29.4	31.5	33.6
68	24.8	26.9	29.1	**31.2**	33.4	35.5	37.7
73	28.6	30.8	33.0	35.2	37.4	39.6	41.8
78	32.4	34.7	36.9	39.2	41.4	43.7	45.9
88	40.0	42.4	44.7	47.1	49.5	51.8	54.2

Source: Company, JM Financial * consolidated **INR/share

Exhibit 22: ONGC: Valuation sensitivity to net crude realisation/gas price**

Net crude realisation (USD/bbl) \ Gas Price (USD/mmbtu)	5.3	6.0	6.8	7.5	8.3	9.0	9.8
53	170	184	198	212	226	240	254
58	198	213	227	241	256	270	284
63	227	241	256	271	285	300	315
68	255	270	285	**300**	315	330	345
73	283	298	314	329	345	360	376
78	311	327	343	359	374	390	406
83	339	356	372	388	404	420	436

Source: Company, JM Financial ** INR/share

Exhibit 23. OIL: SotP valuation

	INR/share	Comment
Standalone business		
FY28 standalone core EPS (INR)	45.0	
P/E multiple used (x)	7.5	
Equity value of standalone business (INR/share)	338	
NRL		
FY29E EPS from NRL adjusted for Oil India's 69.6% stake	27.1	Assumed 9mmtpa throughtput in FY29 and USD 25/bbl GRM
P/E multiple used (x)	8.0	
Oil India's Equity Value in NRL (INR/share)	193	After discounting by 1 year to FY28
Other investments		
Value on IOCL's stake (5.0% stake)	49	At 20% discount to CMP
Total equity value (INR/share)	**580**	

Source: JM Financial

Exhibit 24. ONGC: SotP valuation

SOTP Valuation	INR/share	Comment
Standalone business		
FY28E standalone core EPS	29.2	
P/E multiple used (x)	7.0	
Value of standalone business	205	
OVL business		
FY28E OVL EPS	1.7	
P/E multiple used (x)	7.0	
Value of OVL	12	
Other investments		
IOCL (14.2% stake)	17	At 20% discount to CMP
PLNG (12.5% stake)	3	At 20% discount to CMP
GAIL (5.01% stake)	4	At 20% discount to CMP
HPCL (54.9% stake)	27	At 20% discount to CMP
MRPL (71.63% stake)	13	At 20% discount to CMP
Other unlisted investment	19	OPAL at 5.5x EBITDA (FY27 EBITDA guidance INR 15-20bn) + New Energy
Total value of investments	**83**	
Total equity value (INR/share)	**300**	

Source: JM Financial

OMCs: Retain REDUCE on unfavourable risk-reward

At the current landed Brent of ~USD 123/bbl (Brent of ~USD 108/bbl + USD 15/bbl for higher freight cost), OMCs' weighted average auto-fuel integrated gross margin is negative INR 4/ltr (i.e. INR 16.5/ltr below historical average of +INR 12.5/ltr). Hence, we believe OMCs are making:

i) negative INR 8.5/ltr EBITDA in auto-fuel (i.e. INR 16.5/ltr below historical average of +INR 8/ltr); and

ii) negative INR 4/ltr integrated gross margin in auto-fuel (i.e. INR 16.5/ltr below historical average of INR 12.5/ltr).

OMCs make normalised EBITDA at landed Brent of ~USD 96/bbl; however, assuming a full reversal of excise cut and fuel price hikes, OMCs would earn normalised margin only if landed Brent falls to USD 65/bbl (versus USD 70/bbl pre-Iran crisis) due to INR depreciation. Pre-Iran crisis, OMCs used to earn normalised margin on auto fuel of INR 12.5/ltr at landed Brent of ~USD 70/bbl; currently, they earn normalised margin at landed Brent of ~USD 96/bbl aided by INR 10/ltr excise cut and INR 7.5/ltr fuel price hike.

That said, assuming the GoI reverses INR 10/ltr excise cut and INR 7.5/ltr fuel price hike, they would earn normalised margin only if landed Brent falls to USD 65/bbl (versus USD 70/bbl pre-Iran crisis) due to depreciation in INR/USD exchange rate (to INR 95 from INR 90–91 pre-Iran crisis) and higher transportation cost.

We have a REDUCE on HPCL/BPCL/IOCL (unchanged TP: INR 360/315/135) given: i) valuations are in line with their historical averages; **ii)** we expect gradual recovery in H1FY27E UR (anticipating Brent to stay elevated above USD 80/bbl in the near-term due to huge restocking demand and the risk of GoI partially reversing excise duty cuts once crude moderates); and **iii)** structural concerns around OMCs' aggressive capex plans for the refining and petchem business. However, among OMCs, we prefer refining-heavy companies such as BPCL and IOCL over HPCL given the currently steep crude prices and high product cracks scenario.

Huge marketing losses in Q1FY27 led to a 19% decline in HPCL's consolidated book value to INR 250/share at end-Q1FY27 (versus INR 308 at end-FY26) while IOCL and BPCL have seen only 1% and 2% erosion in book value to INR 154/share and INR 230/share at end-Q1FY27 (versus INR 155 and INR 234 at end-FY26). Hence, based on end-Q1FY27 book value, HPCL is trading at 1.39x P/B, BPCL at 1.27x P/B and IOCL at 0.84x P/B; on FY28E P/B, HPCL and BPCL are trading at ~1.1x each and IOCL is trading at ~0.8x.

Exhibit 25: Auto-fuel integrated GM at ~USD 123/bbl landed Brent is -ve INR 4/l (~INR 16.5/l below INR 12.5/l historical avg.)

	1QFY27	2QFY27	3QFY27TD	On today's landed Brent of ~USD123/bbl (USD108/bbl + USD15/bbl for freight)	USD 90/bbl landed Brent	OMCs earn normal auto-fuel margins at USD96/bbl landed Brent	USD 100/bbl landed Brent	USD 110/bbl landed Brent	USD 115/bbl landed Brent
OMCs gross marketing margin (GMM, INR/ltr)									
Diesel GMM (INR/ltr)	-28.1	-23.3	-33.8	-36.2	-16.3	-19.8	-22.3	-28.3	-34.2
Petrol GMM (INR/ltr)	-13.9	-6.4	-23.0	-31.7	-31.7	-15.1	-17.6	-23.7	-29.7
Wt Avg GMM for Diesel & Petrol (INR/ltr)	**-23.4**	**-17.7**	**-30.2**	**-34.7**	**-21.4**	**-18.2**	**-20.8**	**-26.7**	**-32.7**
Historical average GMM (INR/ltr)	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**
OMCs diesel/petrol refining product crack (USD/bbl)									
Diesel refining product crack (USD/bbl)	53.2	58.3	57.4	55.1	55.1	55.1	55.1	55.1	55.1
Petrol refining product crack (USD/bbl)	23.4	28.7	38.2	44.0	44.0	44.0	44.0	44.0	44.0
Historical average diesel/petrol product crack (USD/bbl)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
OMCs diesel/petrol refining product crack including Rusian crude discount benefit (INR/ltr)									
Diesel refining product crack (INR/ltr)	31.7	35.0	34.7	32.9	32.9	32.9	32.9	32.9	32.9
Petrol refining product crack (INR/ltr)	13.9	17.2	23.1	26.3	26.3	26.3	26.3	26.3	26.3
Historical average diesel/petrol product crack (INR/ltr)	8.9	9.0	9.1	9.0	9.0	9.0	9.0	9.0	9.0
OMCs integrated auto-fuel gross refining and marketing margin (INR/ltr of marketing volume) — assuming 1:1 marketing vs refining volume									
Diesel integrated gross margin (INR/ltr)	3.6	11.7	0.9	-3.3	16.6	13.1	10.6	4.7	-1.3
Petrol integrated gross margin (INR/ltr)	0.0	10.9	0.1	-5.4	-5.4	11.2	8.7	2.6	-3.4
Wt Avg integrated auto-fuel gross margin for Diesel & Petrol (INR/ltr)*	**2.4**	**11.4**	**0.6**	**-4.0**	**9.4**	**12.5**	**10.0**	**4.0**	**-2.0**
Historical average integrated auto-fuel gross margin for Diesel & Petrol (INR/ltr)	**12.4**	**12.5**	**12.6**	**12.5**	**12.5**	**12.5**	**12.5**	**12.5**	**12.5**
OMCs integrated auto-fuel gross refining and marketing margin adjusted for LPG losses (INR/ltr of marketing volume)									
Quarterly LPG losses reported by OMCs (INR Bn)	212	110	110	150	150	150	150	150	150
India's quarterly petrol/diesel sales (Bn ltr)	42	42	42	42	42	42	42	42	42
OMCs quarterly petrol/diesel sales assuming ~90% market share (Bn ltr)	38	38	38	38	38	38	38	38	38
OMCs LPG losses per litre of auto-fuel sales volume (INR/ltr)	**5.6**	**2.9**	**2.9**	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**
OMCs Wt Avg integrated gross margin for Diesel & Petrol adjusted for LPG loss (INR/ltr)*	**-3.3**	**8.5**	**-2.3**	**-8.0**	**5.4**	**8.5**	**6.0**	**0.0**	**-6.0**
India retail auto-fuel price and Brent crude price in USD/bbl and INR/ltr									
Delhi retail diesel price (INR/ltr)	91.1	95.2	95.2	95.2	95.2	95.2	95.2	95.2	95.2
Delhi retail petrol price (INR/ltr)	98.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1	102.1
Landed brent crude price (USD/bbl) **	106.7	103.0	117.0	123.3	90.0	95.8	100.0	110.0	115.0
Landed brent crude price (INR/ltr) **	63.5	61.9	70.8	73.7	53.8	57.2	59.7	65.7	68.7
INR/USD exchange rate	94.7	95.6	96.2	95.0	95.0	95.0	95.0	95.0	95.0
Diesel Excise duty (INR/ltr)	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8
Petrol Excise duty (INR/ltr)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

Source: JM Financial *Based on today's landed Brent price of ~USD123/bbl and current diesel crack of ~USD55.1/bbl and petrol crack of ~USD44.0/bbl; **OMCs marketing and integrated margins for 1QFY27 and 2QFY27 are calculated after incorporating ~USD 10/bbl and USD 15/bbl for 3QFY27 for crude premium and higher freight (as highlighted by OMCs management in recent concall)

Exhibit 26. Historical changes in excise duty (INR/ltr)

	Date	Diesel		Petrol		Brent	Diesel price	Petrol price	Auto-fuel GMM (INR/ltr)		Comments
		Excise duty	Hike/(cut) in duty	Excise duty	Hike/(cut) in duty	USD/bbl	INR/ltr	INR/ltr	Pre ED Change	Post ED Change	
	1-May-08	3.7		13.8		105	31.8	45.5			
	1-Mar-10	3.7	0.0	13.8	0.0	75.3	35.5	47.4			
	1-Mar-11	4.7	1.0	14.8	1.0	110	37.8	58.4			No change in Diesel/Petrol Prices
	1-May-12	2.1	-2.6	14.8	0.0	115.4	40.9	65.6			No change in Diesel/Petrol Prices
	1-Oct-12	3.5	1.4	9.1	-5.8	109	47.0	68.5			No change in Diesel/Petrol Prices
Low excise duty pre Modi govt	**1-Mar-14**	**3.6**	**0.1**	**9.5**	**0.4**	**106.4**	**55.5**	**72.4**			No change in Diesel/Petrol Prices
	1-Oct-14	5.1	1.6	11.0	1.5	92	59.0	67.9			No change in Diesel/Petrol Prices
	1-Nov-14	6.1	1.0	13.3	2.3	83.1	53.4	66.7			Diesel Price Cut of Rs2.25/ltr and Petrol Price Cut of Rs2.41/ltr
	1-Dec-14	10.3	4.1	17.5	4.1	71	52.5	63.3			Diesel Price Cut of Rs0.84/ltr and Diesel Price Cut of Rs0.91/ltr
	1-Dec-15	10.7	0.4	19.1	1.6	43.5	46.6	60.5			No change in Diesel/Petrol Prices
	1-Apr-16	17.3	6.7	21.5	2.4	37	48.3	59.7			Diesel Price Hike of Rs 0.98/ltr and Petrol Price Hike of Rs2.19/ltr
	4-Oct-17	15.3	-2.0	19.5	-2.0	56.3	57.0	68.4	2.1	2.2	Diesel Price Cut of Rs2/ltr and Petrol Price Cut of Rs2.5/ltr
	4-Oct-18	13.8	-1.5	18.0	-1.5	85	75.5	84.0	2.1	0.9	Diesel Price Cut of Rs2.5/ltr and Petrol Price Cut of Rs2.5/ltr
Pre-covid historical excise duty	**6-Jul-19**	**15.8**	**2.0**	**20.0**	**2.0**	**64.5**	**64.3**	**70.5**	5.5	4.2	Diesel Price Hike of Rs2.26/ltr and Petrol Price Hike of Rs2.45/ltr
	14-Mar-20	18.8	3.0	23.0	3.0	33	62.7	70.0	4.8	5.0	No change in Diesel/Petrol Prices
	6-May-20	31.8	13.0	33.0	10.0	22.9	69.4	71.3	18.6	7.5	Diesel Price Hike of Rs7.1/ltr and Petrol Price Hike of Rs1.67/ltr
	4-Nov-21	21.8	-10.0	28.0	-5.0	80	86.7	104.0	1.1	2.8	Diesel Price Cut of Rs11.75/ltr and Petrol Price Cut of Rs6.07/ltr
	22-May-22	15.8	-6.0	20.0	-8.0	113.9	96.7	105.4	-12.6	-12.5	Diesel Price Cut of Rs7.05/ltr and Petrol Price Cut of Rs8.69/ltr
	7th Apr'25	17.8	2.0	22.0	2.0	64	87.7	94.8	14.1	12.1	No change in Diesel/Petrol Prices
	27th Mar'26	**7.8**	**-10.0**	**12.0**	**-10.0**	111	87.7	94.8	-18.4	-8.4	No change in Diesel/Petrol Prices

Source: JM Financial

For every USD 1/bbl rise in crude price, OMCs' auto-fuel GMM declines ~INR 0.6/ltr (assuming no change in retail petrol/diesel price and excise duty on petrol/diesel) and drags down their consolidated EBITDA by 6–9%, with HPCL the worst-hit given its highest leverage to the marketing business.

Exhibit 27. IOCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr)	Auto fuel marketing sales volume (mmtpa)						
	49	52	54	57	60	63	66
7.1	206	213	219	226	232	239	245
6.1	180	185	190	195	200	205	210
5.1	155	158	162	165	169	172	176
4.1	129	131	133	**135**	137	139	141
3.1	103	104	104	105	105	106	106
2.1	78	77	75	74	73	72	71
1.1	52	49	47	44	42	39	36

Source: Company, JM Financial

Exhibit 28. IOCL: EBITDA (INR bn) sensitivity to marketing business

INR bn	Auto fuel marketing sales volume (mmtpa)						
Auto fuel GMM (INR/ltr)	49	52	54	57	60	63	66
7.1	696	716	736	756	775	795	815
6.1	636	652	668	685	701	717	734
5.1	575	588	601	614	626	639	652
4.1	515	524	533	**543**	552	561	570
3.1	455	460	466	472	477	483	489
2.1	394	396	398	401	403	405	407
1.1	334	332	331	330	328	327	325

Source: Company, JM Financial

Exhibit 29. BPCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr)	Auto fuel marketing sales volume (mmtpa)						
	30.4	32.2	34.0	35.8	37.6	39.4	41.2
7.1	450	467	485	502	519	537	554
6.1	397	411	425	440	454	468	483
5.1	344	355	366	377	388	400	411
4.1	291	299	307	**315**	323	331	339
3.1	237	242	247	252	257	262	267
2.1	184	186	188	190	192	194	196
1.1	131	130	129	128	126	125	124

Source: Company, JM Financial

Exhibit 30. BPCL: EBITDA (INR bn) sensitivity to marketing business

INR bn	Auto fuel marketing sales volume (mmtpa)						
Auto fuel GMM (INR/ltr)	30.4	32.2	34.0	35.8	37.6	39.4	41.2
7.1	406	419	431	444	456	469	481
6.1	368	379	389	399	409	420	430
5.1	330	339	347	355	363	371	379
4.1	293	298	304	**310**	316	322	327
3.1	255	258	262	265	269	273	276
2.1	217	218	220	221	222	224	225
1.1	179	178	177	176	175	175	174

Source: Company, JM Financial

Exhibit 31. HPCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr)	Auto fuel marketing sales volume						
	28.4	30.1	31.8	33.4	35.1	36.8	38.4
7.1	625	655	684	714	743	773	803
6.1	525	549	572	596	620	643	667
5.1	425	443	460	478	496	514	531
4.1	325	337	348	**360**	372	384	396
3.1	224	230	236	242	248	254	260
2.1	124	124	124	125	125	125	125
1.1	24	18	12	7	1	-5	-11

Source: Company, JM Financial

Exhibit 32. HPCL: EBITDA (INR bn) sensitivity to marketing business

INR bn	Auto fuel marketing sales volume						
Auto fuel GMM (INR/ltr)	28.4	30.1	31.8	33.4	35.1	36.8	38.4
7.1	324	337	349	361	374	386	398
6.1	289	299	309	320	330	340	350
5.1	254	262	270	278	286	294	302
4.1	218	224	230	**236**	242	248	254
3.1	183	187	191	195	199	203	207
2.1	147	149	151	153	155	157	159
1.1	112	112	112	111	111	111	111

Source: Company, JM Financial

OMCs: Valuation sensitivity to refining margin

Exhibit 33: S'pore GRM robust at USD 9.4/bbl in Oct'26 so far, led by strong diesel cracks (key from Indian refiners' perspective) of ~USD 56/bbl

	Oct-26TD	Sep-26	Aug-26	3QFY27TD	2QFY27	1QFY27	4QFY26	3QFY26	2QFY26	1QFY26	FY26	FY25	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16
S'pore GRM (USD/bbl)	**9.4**	**6.9**	**21.7**	**9.4**	**18.0**	**25.1**	**9.4**	**6.3**	**4.1**	**5.6**	**6.4**	**3.8**	**6.6**	**10.8**	**5.0**	**0.5**	**3.2**	**4.9**	**7.2**	**5.8**	**7.5**
Product cracks (USD/bbl)																					
Diesel	55.5	57.0	63.4	55.5	61.2	54.7	26.3	22.7	19.4	15.6	21.0	14.0	20.5	35.7	10.5	4.7	13.6	14.4	13.2	11.3	12.0
Petrol	45.2	27.2	25.8	45.2	28.6	29.1	8.5	15.6	12.2	12.0	12.1	11.2	16.2	19.1	13.7	4.6	10.0	8.4	14.6	13.9	19.2
Naptha	-3.0	-13.6	-0.5	-3.0	-0.3	6.1	-5.5	-2.6	-4.6	-3.5	-4.1	-5.6	-11.8	-12.1	1.6	-0.8	-5.4	-3.9	0.2	0.1	2.9
LPG	-28.9	-42.6	-29.7	-28.9	-30.3	-24.3	-26.4	-19.3	-22.8	-21.0	-22.4	-24.4	-29.7	-36.3	-15.1	-6.9	-22.2	-22.3	-13.2	-11.4	-12.6
Jet Kero	66.5	57.0	60.0	66.5	59.9	64.7	35.8	24.3	17.9	15.1	23.3	14.0	21.2	33.1	9.3	1.4	13.0	14.9	13.3	11.5	12.5
Fuel Oil/others	7.4	-10.6	1.7	7.4	-2.1	1.5	-9.1	-7.4	-4.2	1.9	-4.7	-3.9	-9.4	-18.4	-6.5	-2.2	-6.9	-1.5	-3.2	-5.4	-6.7
Brent (USD/bbl)	**102.0**	**102.0**	**90.9**	**102.0**	**91.3**	**96.7**	**79.4**	**63.7**	**69.1**	**67.9**	**70.0**	**78.9**	**83.0**	**94.7**	**80.0**	**44.7**	**60.9**	**70.2**	**57.6**	**49.0**	**47.5**
Exchange rate (INR/USD)	**96.2**	**95.5**	**95.5**	**96.2**	**95.6**	**94.7**	**91.5**	**89.1**	**87.3**	**85.6**	**88.3**	**84.6**	**82.8**	**80.4**	**74.5**	**71.9**	**70.9**	**69.9**	**64.5**	**65.5**	**65.5**

Source: Reuters, JM Financial

Exhibit 34. IOCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr) \ Auto fuel marketing sales volume (mmtpa)	93.2	93.7	94.2	94.7	95.2	95.7	96.2
6.0	97	97	97	97	97	98	98
6.5	109	109	109	110	110	110	111
7.0	121	122	122	122	123	123	123
7.5	134	134	134	**135**	135	136	136
8.0	146	146	147	148	148	149	149
8.5	158	159	159	160	161	161	162
9.0	171	171	172	173	173	174	175

Source: Company, JM Financial

Exhibit 35. IOCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr) \ Auto fuel marketing sales volume (mmtpa)	93.2	93.7	94.2	94.7	95.2	95.7	96.2
6.0	97	97	97	97	97	98	98
6.5	109	109	109	110	110	110	111
7.0	121	122	122	122	123	123	123
7.5	134	134	134	**135**	135	136	136
8.0	146	146	147	148	148	149	149
8.5	158	159	159	160	161	161	162
9.0	171	171	172	173	173	174	175

Source: Company, JM Financial

Exhibit 36. BPCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr) \ Auto fuel marketing sales volume (mmtpa)	33.5	34.0	34.5	35.0	35.5	36.0	36.5
7.0	246	248	249	250	252	253	255
7.5	267	269	270	272	273	275	277
8.0	287	289	291	293	295	297	299
8.5	308	310	312	**315**	317	319	321
9.0	329	331	334	336	338	341	343
9.5	349	352	355	357	360	363	365
10.0	370	373	376	379	382	384	387

Source: Company, JM Financial

Exhibit 37. BPCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr) \ Auto fuel marketing sales volume (mmtpa)	33.5	34.0	34.5	35.0	35.5	36.0	36.5
7.0	246	248	249	250	252	253	255
7.5	267	269	270	272	273	275	277
8.0	287	289	291	293	295	297	299
8.5	308	310	312	**315**	317	319	321
9.0	329	331	334	336	338	341	343
9.5	349	352	355	357	360	363	365
10.0	370	373	376	379	382	384	387

Source: Company, JM Financial

Exhibit 38. HPCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr) \ Auto fuel marketing sales volume	38.0	38.5	39.0	39.5	40.0	40.5	41.0
6.3	274	275	277	278	280	281	283
6.8	300	302	304	306	308	310	312
7.3	325	328	330	333	335	338	341
7.8	351	354	357	**360**	363	366	369
8.3	377	381	384	388	391	395	398
8.8	403	407	411	415	419	423	427
9.3	429	433	438	442	447	451	456

Source: Company, JM Financial

Exhibit 39. HPCL: Valuation (INR/share) sensitivity to marketing business

Auto fuel GMM (INR/ltr) \ Auto fuel marketing sales volume	38.0	38.5	39.0	39.5	40.0	40.5	41.0
6.3	274	275	277	278	280	281	283
6.8	300	302	304	306	308	310	312
7.3	325	328	330	333	335	338	341
7.8	351	354	357	**360**	363	366	369
8.3	377	381	384	388	391	395	398
8.8	403	407	411	415	419	423	427
9.3	429	433	438	442	447	451	456

Source: Company, JM Financial

OMCs' valuations

Huge marketing losses in Q1FY27 led to a 19% decline in HPCL's consolidated book value to INR 250/share at end-Q1FY27 (versus INR 308 at end-FY26) while IOCL and BPCL have seen only 1% and 2% erosion in book value to INR 154/share and INR 230/share at end-Q1FY27 (versus INR 155 and INR 234 at end-FY26). Hence, based on end-Q1FY27 book value, HPCL is trading at 1.39x P/B, BPCL at 1.27x P/B and IOCL at 0.84x P/B; on FY28E P/B, HPCL and BPCL are trading at ~1.1x each and IOCL is trading at ~0.8x.

Exhibit 40: OMCs' current P/B valuation based on CMP and comparison with historical P/B valuations and current P/B valuations based on CMP

CMP (INR)		Consolidated Book Value (INR)				Implied P/B at CMP				OMCs 1 yr fwd historical average P/B			OMCs 1 yr fwd historical trough P/B		
		FY26	Post 1QFY27	FY27E	FY28E	FY26	Post 1QFY27	FY27E	FY28E	3 year	5 year	Since May'14	3 year	5 year	Since May'14
IOCL	130	155	154	160	169	0.84	0.84	0.81	**0.77**	0.98	0.88	1.04	0.59	0.57	0.55
BPCL	293	234	230	250	274	1.25	1.27	1.17	**1.07**	1.34	1.33	1.70	0.91	0.91	0.91
HPCL	348	308	250	276	311	1.13	1.39	1.26	**1.12**	1.27	1.15	1.28	0.68	0.66	0.60

Source: JM Financial

Exhibit 41. OMCs' valuation table

Company	Rating	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				RoE (%)			
			FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E
IOCL	REDUCE	135	15.0	4.4	15.9	8.1	1.0	0.8	0.8	0.8	9.0	3.9	8.9	6.0	7.6	22.3	7.1	10.7
BPCL	REDUCE	315	9.2	4.8	11.0	7.3	1.5	1.3	1.2	1.1	6.5	3.7	7.7	5.7	17.5	28.9	11.0	15.3
HPCL	REDUCE	360	11.0	4.1	-15.6	6.4	1.4	1.1	1.3	1.1	8.5	4.1	-478.7	5.8	13.7	30.9	-7.6	18.4

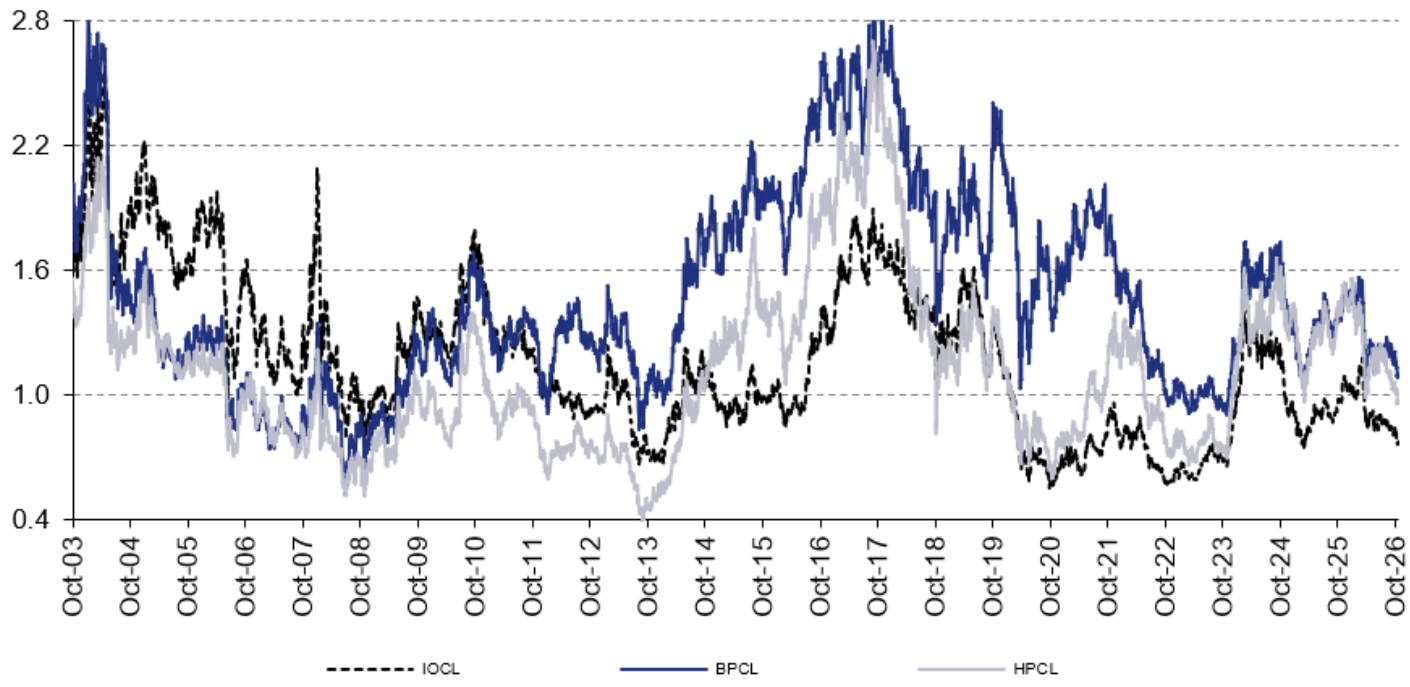
Source: JM Financial

Exhibit 42. Oil and gas companies: Current valuation compared with 3Y, 5Y and 10Y average valuations

Company	P/E (x)	Historical P/E (x)			P/B (x)	Historical P/B (x)			EV/EBITDA (x)	Historical EV/EBITDA (x)		
	FY28E	3 year average	5 year average	10 year average	FY28E	3 year average	5 year average	10 year average	FY28E	3 year average	5 year average	10 year average
IOCL	9.4	NA	NA	NA	0.8	0.98	0.88	1.05	6.0	6.3	5.9	6.4
BPCL	8.9	NA	NA	NA	1.2	1.34	1.31	1.66	5.8	6.0	6.3	7.8
HPCL	7.1	NA	NA	NA	1.1	1.25	1.13	1.27	5.7	6.4	2.0	5.0
Oil India	6.8	10.9	7.9	6.7	1.0	1.2	1.0	0.8	5.4	8.4	6.4	6.1
ONGC	6.1	7.5	6.3	7.5	0.7	0.9	0.8	0.8	3.1	3.9	3.6	3.9

Source: Bloomberg, JM Financial

Exhibit 43. OMCs: Combined 1Y forward consolidated P/B



Source: JM Financial

Exhibit 44. BPCL: SotP valuation

SOTP Valuation			Value (INR Bn)	Value (INR/share)	Comment
Core business	**FY28 EBITDA (INR Bn)**	**EV/EBITDA multiple (x)**			
Refining segment	167	5.5	919	215	Refining EBITDA based on GRM of USD8.5/bbl from FY28
Marketing segment	143	5.5	786	184	Marketing EBITDA based on historical auto-fuel GMM of INR 4.1/ltr from FY28
Core business			1,705	399	
Less: Net debt			511	120	
Core business equity value (a)			**1,194**	**279**	
Other investments	**No of shares (Mn)**	**CMP less 20% discount (INR/sh)**			
PLNG (12.5% stake)	188	227	43	10	At 20% discount to CMP
IGL (22.5% stake)	158	119	19	4	At 20% discount to CMP
Oil India (2.47% stake)	40	382	15	4	At 20% discount to CMP
MNGL (22.5% stake)			18	4	Valued at 15x FY26 PAT
Sabarmati Gas (49.94% stake)			21	5	Valued at 15x FY26 PAT
CUGL (25% stake)			2	1	Valued at 15x FY26 PAT
Value of E&P assets			33	8	
Total other investments (e)			**151**	**35**	
Equity value (d+e)				**315**	

Source: JM Financial

Exhibit 45. IOCL: SotP valuation

Valuation			Value (INR Bn)	Value (INR/share)	Comment
Core business	**FY28 EBITDA (INR Bn)**	**EV/EBITDA multiple (x)**			
Standalone core business					
Refining segment	177	5.5	975	69	Refining EBITDA based on GRM of USD 7.5/bbl from FY28
Marketing segment	215	5.5	1,185	84	Marketing EBITDA based on auto-fuel GMM of INR 4.1/ltr from FY28
Petchem segment	40	5.5	222	16	
Pipeline segment	94	5.5	517	37	
Standalone core business			**2,899**	**205**	
Less: Net debt			1,371	97	
Standalone core business equity value			**1,527**	**108**	
CPCL (51.9% stake)			83	6	At 20% discount to CMP
Total core business (a)			**1,610**	**114**	
Other investments	**No of shares (Mn)**	**CMP less 20% discount (INR/sh)**			
ONGC (7.84% stake)	987	178	176	12	At 20% discount to CMP
PLNG (12.5% stake)	188	230	43	3	At 20% discount to CMP
Oil India (4.93% stake)	80	353	28	2	At 20% discount to CMP
GAIL (2.5% stake)	82	137	11	1	At 20% discount to CMP
Treasury shares (2.5% stake)	350	106	37	3	At 20% discount to CMP
Total other investments (b)			**295**	**21**	
Equity value (a+b)				**135**	

Source: JM Financial

Exhibit 46. HPCL: SotP valuation

			Value (INR Bn)	Value (INR/share)	Comment
Core business	**FY28 EBITDA (INR Bn)**	**EV/EBITDA multiple (x)**			
Standalone core business					
Refining segment	94	5.5	514	242	Refining EBITDA based on standalone GRM of USD 7.8/bbl from FY28
Marketing segment	144	5.5	792	372	Marketing EBITDA based on auto-fuel GMM of INR 4.1/ltr from FY28
Standalone core business			**1,307**	**614**	
Less: Net debt			618	290	
Standalon core business equity value (a)			**689**	**324**	
Bhatinda refinery JV (49% stake)					
EV	32	5.5	175	82	Bhatinda EBITDA based on GRM of USD 12/bbl
Less: Net debt			151	71	
Bhatinda refinery equity value (b)			**25**	**12**	
Total core business (c= a+b)			**714**	**335**	
Other investments	**No of shares (Mn)**	**CMP less 20% discount (INR/sh)**			
MRPL (16.96% stake)	297	131	39	18	At 20% discount to CMP
Oil India (2.47% stake)	40	353	14	7	At 20% discount to CMP
Sub-total (d)			**53**	**25**	
Equity value				**360**	

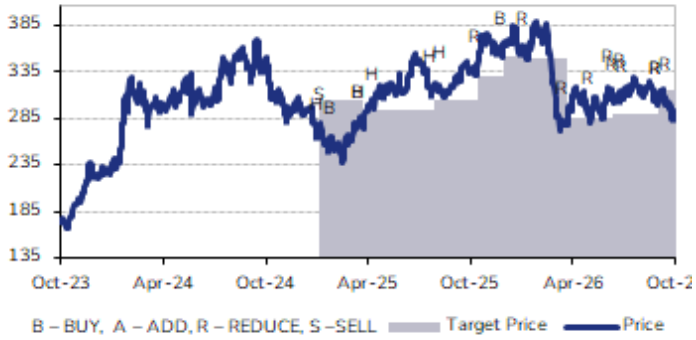
Source: JM Financial

Annexure – Recommendation history tables and charts

BPCL – Recommendation history table

Date	Recommendation	Target Price	% Change
5-Oct-26	REDUCE	315	-0.1
20-Sep-26	REDUCE	315	0.0
18-Sep-26	REDUCE	315	8.6
22-Jul-26	REDUCE	290	0.0
16-Jul-26	REDUCE	290	0.0
4-Jul-26	REDUCE	290	-0.2
27-Jun-26	REDUCE	290	1.8
20-May-26	REDUCE	285	0.1
7-Apr-26	REDUCE	285	-18.7
23-Jan-26	REDUCE	350	0.0
17-Dec-25	BUY	350	6.2
31-Oct-25	REDUCE	330	8.4
28-Aug-25	HOLD	305	0.0
13-Aug-25	HOLD	305	3.4
29-Apr-25	HOLD	295	0.0
7-Apr-25	HOLD	295	0.0
6-Apr-25	BUY	295	-3.4
14-Feb-25	BUY	305	0.0
29-Jan-25	SELL	305	0.0
22-Jan-25	HOLD	305	

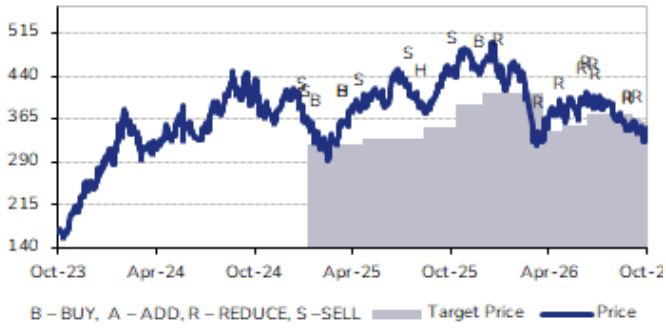
BPCL – Recommendation history chart



HPCL – Recommendation history table

Date	Recommendation	Target Price	% Change
5-Oct-26	REDUCE	360	-1.2
20-Sep-26	REDUCE	365	0.0
18-Sep-26	REDUCE	365	-2.8
22-Jul-26	REDUCE	375	0.1
16-Jul-26	REDUCE	375	0.0
4-Jul-26	REDUCE	375	0.0
27-Jun-26	REDUCE	375	5.6
14-May-26	REDUCE	355	2.9
7-Apr-26	REDUCE	345	-15.9
21-Jan-26	REDUCE	410	0.0
17-Dec-25	BUY	410	5.3
29-Oct-25	SELL	390	11.3
28-Aug-25	HOLD	350	5.9
7-Aug-25	SELL	330	0.1
6-May-25	SELL	330	3.3
7-Apr-25	HOLD	320	-0.2
6-Apr-25	BUY	320	0.0
14-Feb-25	BUY	320	0.0
29-Jan-25	SELL	320	0.0
23-Jan-25	SELL	320	

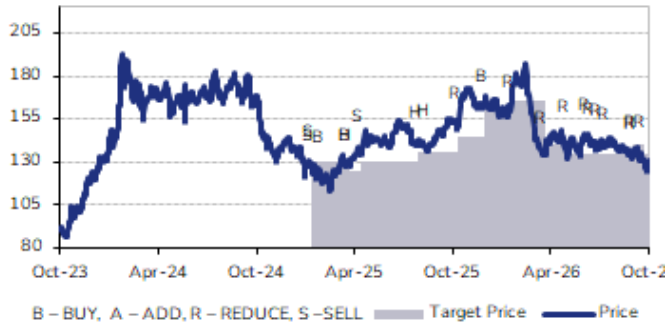
HPCL – Recommendation history chart



IOCL – Recommendation history table

Date	Recommendation	Target Price	% Change
5-Oct-26	REDUCE	135	-3.8
20-Sep-26	REDUCE	140	0.0
18-Sep-26	REDUCE	140	4.1
1-Aug-26	REDUCE	135	-0.1
16-Jul-26	REDUCE	135	0.0
4-Jul-26	REDUCE	135	-0.2
27-Jun-26	REDUCE	135	0.0
19-May-26	REDUCE	135	-3.6
7-Apr-26	REDUCE	140	-15.4
5-Feb-26	REDUCE	165	3.6
17-Dec-25	BUY	160	10.0
28-Oct-25	REDUCE	145	7.3
28-Aug-25	HOLD	135	0.0
14-Aug-25	HOLD	135	4.1
30-Apr-25	SELL	130	4.1
7-Apr-25	HOLD	125	0.0
6-Apr-25	BUY	125	-3.8
14-Feb-25	BUY	130	-0.1
29-Jan-25	SELL	130	0.0
27-Jan-25	SELL	130	

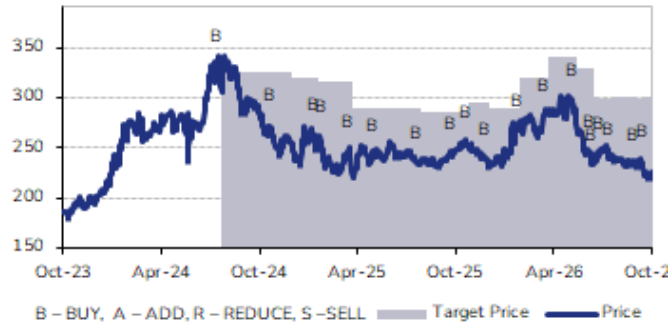
IOCL – Recommendation history chart



ONGC – Recommendation history table

Date	Recommendation	Target Price	% Change
5-Oct-26	BUY	300	0.0
20-Sep-26	BUY	300	-0.2
5-Aug-26	BUY	300	0.3
16-Jul-26	BUY	300	0.0
4-Jul-26	BUY	300	-0.2
29-Jun-26	BUY	300	-9.0
27-May-26	BUY	330	-3.1
7-Apr-26	BUY	340	6.4
13-Feb-26	BUY	320	10.3
17-Dec-25	BUY	290	-1.8
11-Nov-25	BUY	295	3.6
14-Oct-25	BUY	285	0.1
13-Aug-25	BUY	285	-1.7
22-May-25	BUY	290	0.0
6-Apr-25	BUY	290	-8.0
14-Feb-25	BUY	315	0.0
1-Feb-25	BUY	315	-1.4
13-Dec-24		320	-1.7
11-Nov-24	BUY	325	0.0
6-Aug-24	BUY	325	

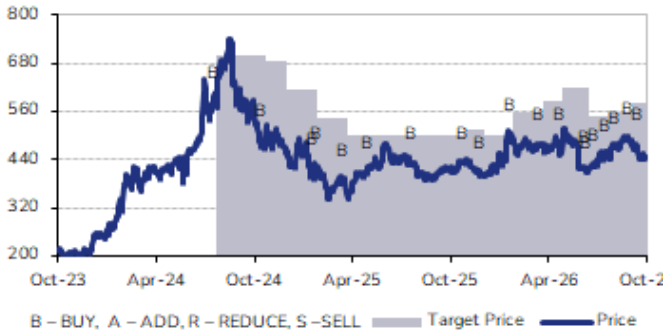
ONGC – Recommendation history chart



OINL – Recommendation history table

Date	Recommendation	Target Price	% Change
5-Oct-26	BUY	580	0.0
20-Sep-26	BUY	580	3.6
24-Aug-26	BUY	560	0.0
7-Aug-26	BUY	560	1.9
16-Jul-26	BUY	550	0.0
4-Jul-26	BUY	550	-0.1
29-Jun-26	BUY	550	-11.4
14-May-26	BUY	620	6.0
7-Apr-26	BUY	585	4.5
10-Feb-26	BUY	560	12.1
17-Dec-25	BUY	500	-2.9
14-Nov-25	BUY	515	2.8
13-Aug-25	BUY	500	0.2
22-May-25	BUY	500	0.0
6-Apr-25	BUY	500	-8.3
14-Feb-25	BUY	545	0.0
8-Feb-25	BUY	545	-11.4
13-Dec-24		615	-10.2
5-Nov-24	BUY	685	-2.2
8-Aug-24	BUY	700	

OINL – Recommendation history chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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