

RECORDER REPORT

POL sales witness weakest month in decade

KARACHI: Total POL sales during February 2020 dropped to a record monthly low in a decade of 1.11 million tons, posting a massive decline of 23 percent on year-on-year basis.

High Speed Diesel (HSD) demand took the biggest hit as it dropped by 38 percent to 0.37 million tons while Motor Spirit (MS) sales fell by 11 percent to 0.55 million tons. Even on a sequential monthly basis, total sales have declined by 18 percent due to dampened demand across all major fuel segments (MS down by 10 percent, HSD down by 22 percent and FO down by 33 percent).

During the first eight months of current fiscal year FY20, the only product to witness any sort of growth has been MS which inched up 2 percent on year-on-year basis. However, the 13 percent decline in HSD demand and 23 percent fall in FO demand culminated in total demand falling by 8 percent to 11.22 million tons. While FO sales have been declining in Pakistan due to the ban on FO-based power generation, the fall in HSD sales implies that the economic slowdown is still very much prevalent.

“Though some attrition in sales for the month had been expected after supply disruptions owing to the gas leak at Karachi Port, the actual figure is well below our expectations,” Ali H Zaidi at JS Global Capital said. To give perspective, total sales for February have averaged at 1.51 million tons from FY10 to FY19, 36 percent higher than the sales recorded during February 2020. Similarly, HSD sales during February 2020 were 28 percent lower than the FY10- FY19 average February sales, he added.

Company wise, Hascol Petroleum Limited (HASCOL) posted the largest year-on-year decline of 61 percent in total sales led by a 70 percent dip in HSD and a 43 percent fall in MS sales. Pakistan State Oil (PSO) saw a 25 percent dip in total sales, mostly on the back of weak HSD demand. Shell Pakistan Limited (SHEL) had a similar case with a 24 percent decline in total sales.