

Crude Compass: Oil Flows Reprice as Distillate Margins Spike

Weekly Oil Market Dossier March 06, 2026

Developments over the past week:

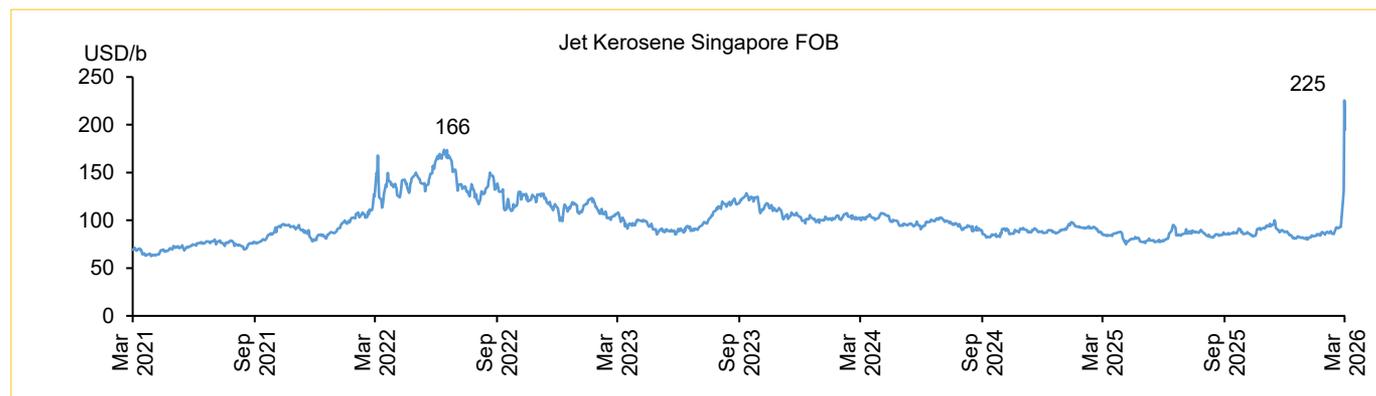
- The US Treasury has issued a 30-day waiver allowing Indian refiners to purchase Russian crude which is already loaded before March 5. The aim is to stabilize global supply amid disruptions from the Persian Gulf conflict. The exemption applies only to cargoes already at sea and expires on April 4, therefore limiting financial benefit to Russia. According to market reports, traders are selling Urals to India at a **premium of USD4-5/b** to Brent on a delivered basis for arrival at Indian ports in March and early April. This is contrast to a **discount of about USD13/b** for cargoes traded in February.
- Jet fuel prices across Europe, the US and Asia have surged to multi-year highs, rising faster than crude as Middle East export disruptions tighten global supply. European prices have reached the highest levels since 2022, while Asian jet fuel cracks have spiked sharply amid fears of refinery run cuts and supply shortages.
- Approximately **10 million barrels of crude were loaded from Saudi Arabia's Red Sea port of Yanbu** during the first four days of March, as the kingdom redirect export flows away from disrupted Gulf shipping routes.

In our opinion:

- The waiver offers temporary feedstock relief for Indian refiners by allowing stranded Russian cargoes to reach the market amid disruptions to Middle East supplies. At the same time, the move of Urals from **USD13/b discount to a USD4-5/b premium to Brent** underscores the tightness in prompt crude markets, where refiners are increasingly prioritizing **security of supply over price**.
- The widening in jet fuel cracks signals tightening middle-distillate balances and **disproportionally benefits refiners configured to maximize middle-distillate yields and maintain export flexibility**.
- Increased Yanbu loadings signal Saudi Arabia's attempt to sustain exports via the East-West pipeline as Hormuz shipping collapses. However, limited Red Sea loading capacity relative to normal Gulf flows means the rerouting can only partially stabilize supply, **leaving a persistent geopolitical risk premium in crude markets**.

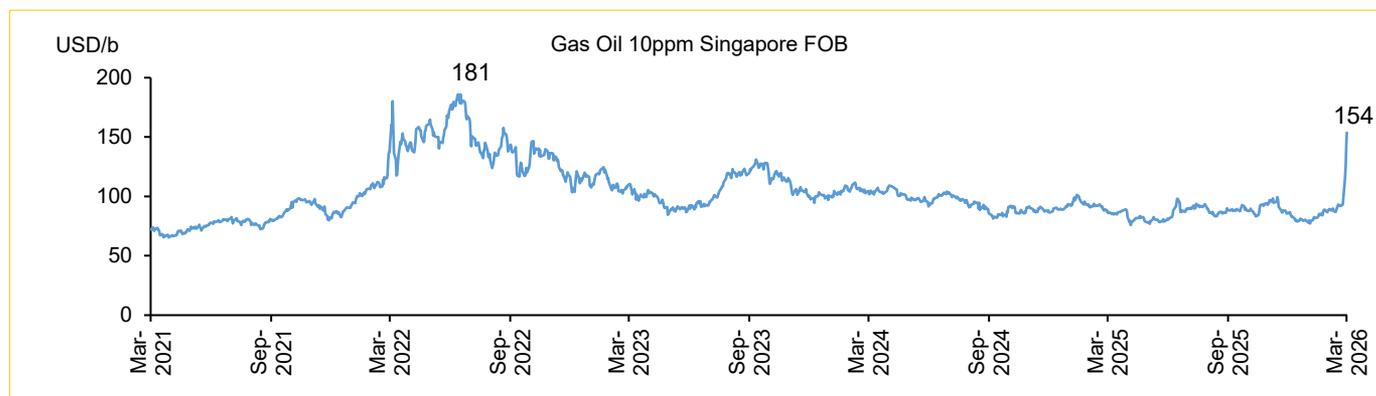
We are evaluating the evolving situation and will publish an outlook on prices in due course.

Jet Fuel Prices rise to record high due to supply constraints



Source: Refinitiv, Choice Institutional Equities

Gas Oil Prices rise; however still lower than 2022 levels



Source: Refinitiv, Choice Institutional Equities

Dhaval Popat

Email: dhaval.popat@choiceindia.com

Ph: +91 22 6707 9949

Institutional Research Team			
Utsav Verma, CFA	Head of Institutional Research	utsav.verma@choiceindia.com	+91 22 6707 9440
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Bhavik Shah, CFA	Analyst – Metal	Bhavik.shah@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhanshree Jadhav	Analyst – Technology	dhanshree.jadhav@choiceindia.com	+91 22 6707 9535
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmhatt	Analyst – Realty & Building Materials	fenil.brahmhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9867
Karan Kamdar	Analyst – Consumer Discretionary, Small and Midcaps	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Preeyam Tolia	Analyst – FMCG	preeyam.tolia@choiceindia.com	+91 22 6707 9987
Aayush Saboo	Sr. Associate– Realty	aayush.saboo@choiceindia.com	+91 22 6707 9930
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9521
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Subhash Gate	Sr. Associate – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Komal Jain	Associate – Healthcare	komal.jain@choiceindia.com	+91 22 6707 9513
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9901
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
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