

THE CRUDE AWAKENING

EDITION
04

Here's the story of how a barrel in the North Sea ends up on your grocery bill.



Brent: The world's oil price tag – sets the benchmark for ~70% of global crude.



Indian Basket: What India pays for, oil moves almost in lockstep with Brent (0.98 correlation).



CPI: The inflation number RBI watches closely and oil prices can push higher.

Sources: ICE – Brent, the world's crude benchmark; PPAC – International Prices of Crude Oil (Indian Basket); RBI.

One Barrel. Many Ripples

Within the industry cost transmission:

- Brent Crude ↑
- Fuel Costs ↑
- Transport Costs ↑
- Production Costs ↑
- Everyday Goods ↑
- Inflation ↑

Within the import bill transmission:

- Brent Crude ↑
- India's Oil Import Bill ↑
- Demand for US Dollars ↑
- Rupee Depreciation (INR Weakens) ↑
- Cost of All Imports Increases ↑
- Imported Inflation ↑
- Headline CPI Inflation ↑

Oil doesn't just fuel vehicles—it fuels supply chains.

Why It Matters to India

- India imports around 85–90% of its crude oil.
- Oil is paid for in US dollars.
- Higher prices can widen the import bill.
- Inflation may influence RBI's interest-rate decisions

Industries Most Sensitive to Oil Prices



Airlines:

Jet fuel is a major operating cost; higher fares, lower demand.



Logistics:

Diesel drives freight and transport; higher delivery costs.



Manufacturing:

Energy is key to production; higher input and operating costs.



Paints & Chemicals:

Crude is a raw material; costlier materials and margin pressure.



FMCG:

Packaging and distribution costs rise; pressure on margins and pricing.



Agriculture:

Diesel for pumps, transport and agri-inputs; higher input costs and food inflation.

Impact on Indian Markets

Indian Equity Markets	Indian Debt Markets
Higher crude prices raise input costs for fuel- and oil-dependent sectors such as Aviation, Logistics, Paints, FMCG and Automobiles.	Higher crude prices can push up inflation expectations, causing government bond yields to rise and bond prices to fall.
Companies with strong pricing power may be able to pass these higher costs on to consumers, limiting the impact on margins. However, where price hikes are difficult, profitability may come under pressure.	With inflation remaining elevated, the RBI may delay rate cuts or keep interest rates higher for longer, to prevent inflation from becoming entrenched.
Conversely, upstream Oil & Gas producers and some Refining & Petrochemical companies can benefit from higher crude prices through stronger realizations.	Higher government bond yields increase the cost of borrowing across the economy, as banks and financial institutions use these yields as a benchmark for pricing loans.
The overall impact on equity markets depends on the magnitude and duration of the oil price increase, and its effect on inflation, interest rates and economic growth.	This eventually translates into higher home loan, mortgage, vehicle loan and business borrowing rates, leading to higher EMIs, slower credit growth and softer housing demand.
	Conversely, lower crude prices help ease inflationary pressures, allowing bond yields to soften. This creates room for lower lending rates, cheaper mortgages and stronger credit growth, supporting both the economy and the bond market.



Brent Crude Today

13th August: USD 83.33 per barrel



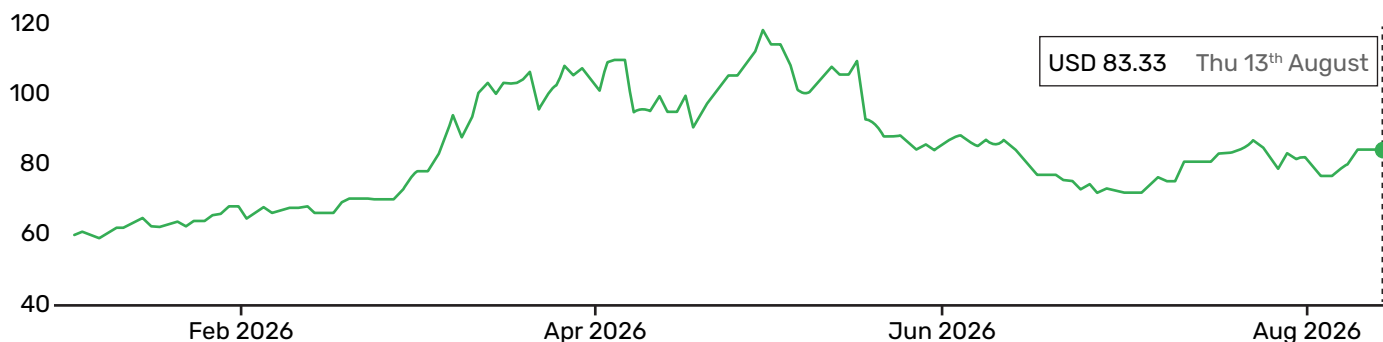
The Big Picture

Brent crude is a key global variable. It influences inflation, currency, interest rates, corporate profits and ultimately your cost of living.

Key Takeaway

Track crude not just because it moves markets, but because it has the potential to move your wallets too.

Brent Crude (in US\$/bbl)



Data (YTD) till 13th August 2026 | **Source:** Internal Analysis.

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