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OPEC+ cuts push oil prices to over \$85 per barrel.

Economy

- The IMF, in its latest update of the WEO, has revised down the global GDP projection for 2023 and 2024 by 0.1% versus the January update to 2.8% and 3%, respectively. Similarly, global inflation is expected to ease slower than previously anticipated, from 8.7% in 2022 to 7% in 2023 and 4.9% next year. IMF has increased its estimates for global inflation by 0.4% for the current year and 0.6% for 2024 versus the January update.
- The S&P Caixin China General Manufacturing PMI fell to 50.0 in March 2023, compared to 51.6 in February, falling short of the market expectation of 51.7. This raises concerns about the strength of China's economic momentum in the face of persistent financial instability throughout the world.

Oil and Tankers

- Saudi Arabia and other OPEC+ oil producers announced additional reductions in oil production of about 1.16 million b/d, bringing the total by OPEC+ to 3.66 million b/d, or about 3.7% of global demand. A preventative measure in case there is any potential decline in demand.
- The OPEC+ production cut, along with higher demand in the second half of the year may put additional pressure on oil prices once China recovers and gains momentum. On the other hand, the decline in demand from the EU may limit the magnitude of the oil price increase. The equilibrium of these two conflicting factors should keep Brent in the \$80-90/bbl range on an average. We expect the oil market to be in deficit in 2023.
- The production cut by OPEC+ presents a difficulty for central banks worldwide, including the Federal Reserve, as they attempt to combat inflation. To prevent inflation from rising any further, banks will have to raise interest rates, resulting in a potential decrease in demand and reduced cash flow. This decrease in demand will further exacerbate the looming economic downturn.
- In the aftermath of the OPEC cuts, WTI June contract prices rose by 9% to \$82.67/bbl as of April 14th compared to \$75.80/bbl on March 31st. Similarly, Brent prices increased by 8.2% to \$86.47/bbl, hitting their highest on April 12 at 83.39/bbl and 87.38/bbl respectively.

Tanker Freight Rates on Key Routes

Route No.	TC2_37	TC6	TC8	TC20	TC14	TD1	TD6	TD18	TD20	TD3C
Description	37 kt Cont to USAC	30 kt Clean Algeria to Euro Med	65 kt Clean MEG to UKC	90 kt MEG to UKC	38 kt USG to Cont	280 kt MEG to USG	135 kt BSea to Med	30 kt Baltic to UKC	130 kt WAF to Cont	270 kt Ras Tanura to China
Size mt	37000	30000	65000	90000	38000	280000	135000	30000	130000	270000
Route	Rdam to New York	Skikda to Lavera	Jubail to Rdam	Jubail to Rdam	USG to Cont	Ras Tanura to LOOP	Novo to Augusta	Baltic to UKC	Offshore Bonny to Rdam	Ras Tanura to Ningbo
	WS	WS	WS	\$	WS	WS	WS	WS	WS	WS
06/04/2023	230.56	246.25	61.03	4400000	158.33	45.78	164.44	265.00	122.50	67.82
11/04/2023	215.56	231.13	59.74	4228571	150.00	45.06	160.56	261.25	119.25	67.59
12/04/2023	228.33	218.13	57.69	4114286	142.50	46.00	158.89	260.42	114.20	70.09
13/04/2023	250.56	225.31	57.31	3971429	139.17	47.06	157.61	259.17	108.75	72.64
14/04/2023	258.33	245.50	55.64	3928571	131.67	47.00	157.61	259.58	106.75	72.18

Source: Baltic Exchange

LPG

- According to industry sources, Sibur, Russia's largest producer and exporter of LPG, has recently diverted shipments to Asia, the Middle East, and Africa. Of its total shipments of 225,000 tonnes, 192,000 tonnes or over 85%, were delivered to Africa, the Middle East, and Asia-Pacific during the first quarter of this year. Meanwhile, the company's supplies of LPG from Russia's Baltic port of Ust-Luga to the EU and the UK decreased to 14–15% of the total, or 33,000 tonnes, compared to 82%, or 194,000 tonnes, a year earlier. In the first three months of 2022, countries outside the EU and UK accounted for only 18%, or 43,000 tonnes, of LPG shipped from Ust-Luga.
- LPG imports into China in February totalled 1.91 million tonnes, representing an increase of 5% from a year earlier but a drop of 12% compared to January. The country's total LPG imports in the first two months of 2023 were 4.1 million tonnes, which represented an increase of 5% year on year. Within this, imports from the US were 1.3 million tonnes (32% of the total), and that from the UAE were 998,000 tonnes (24% of the total).
- According to company president Tomasz Hinc, the new 437,000 tonne/year PDH and polypropylene (PP) complex in Poland will begin operations in the first half of this year. "A pair of propane storage tanks and one ethylene tank are now filled, and we can start testing the installations," Hinc says. The construction of the Polish terminal on the Baltic Sea to import propane and export downstream products was completed in December. The facility can store 80,000 cbm (46,600 tonnes) of propane and 14,000 cbm of propylene. After reaching a record high of more than 1 million tonnes in 2022, the PDH complex will provide Poland's already expanding seaborne LPG imports an extra push.
- Spot freight rates for VLGCs on all three benchmark routes increased over the week amid tightening vessel availability. Rates on the Arabian Gulf to the Far East rose by \$4.50/tonne to reach \$78.07/tonne by the end of the week. Similarly, rates from the US Gulf to Europe and from

the US Gulf to the Far East surged by \$5.00/tonne and \$4.50/tonne, respectively, to reach \$75.80/tonne and \$129.00/tonne over the same period.

VLGC Spot Freight Rates

Route No.	BLPG1	BLPG2	BLPG3
Description	AG-East	USG-Cont	USG-Japan
Size mt	44000	44000	44000
			\$/tonne
06/04/2023	70	70	113
11-04-2023	74	71	117
12-04-2023	75	72	120
13-04-2023	77	75	126
14-04-2023	78	76	129

Source: Baltic Exchange

LNG

- The amount of pipeline and liquefied natural gas imported into China in March, at 8.86 million tonnes climbed by 11.2% year on year. Total imports during the first quarter of this year were 26.7 million tonnes down from 27.7 million tonnes in the same period last year. Australia, Qatar, Malaysia, Indonesia, and the Yamal facility in Arctic Russia were the primary LNG suppliers in early 2023.
- LNG shipments from the US hit a record level last month as the country remained on track to become the world's biggest exporter later this year. From a previous high of 7.1 million tonnes in April of last year, 7.3 million tonnes of LNG were shipped last month, where 73% of exports went to Europe, which was the main consumer. The restart of exports from Freeport LNG caused a spike in US volumes in March.
- By the first quarter of 2024, Malaysia's national oil firm, Petroliaam Nasional Berhad (Petronas), aims to reactivate one of its LNG facilities that is currently under force majeure. "Our plan is to complete the work by Q1 2024," said Shamsairi Ibrahim, vice president of LNG marketing and trading at Petronas. The facility's restart is subject to approval from local authorities, he said. In October 2022, Petronas announced a force majeure on the supply of gas to Malaysia LNG Dua owing to a pipeline leak at its Sabah-Sarawak Gas Pipeline caused by soil movement. The company aims to complete an investigation into the gas supply disruption by mid-2023.
- With rising gas storage levels in the EU and an increase in LNG deliveries scheduled for Germany's floating import facilities, European LNG prices fell throughout the course of the week. The European benchmark Dutch TTF May wholesale futures price decreased by 2.1% from the previous week's level of \$13.850/mmBtu on 14th April to reach \$13.565/mmBtu.

LNG Spot Freight Rates

Route No. Description	BLNG1g Aus-Japan	BLNG2g USG-Cont	BLNG3g USG-Japan \$/day
31/03/2023	64330	42562	50295
04/04/2023	62550	41350	49527
11/04/2023	60537	41022	48811
14/04/2023	56501	40924	48596

Source: Baltic Exchange

Chemicals

- The Spanish energy firm Cepsa has established a joint venture to build a large-scale biofuels facility in the country's south for up to \$1.1 billion. Cepsa and Bio-Oils, Apical Group's Spanish biofuels division, will collaborate on the project, which is set to begin operations in 2026. The project is designed to produce 500,000 tonnes of sustainable aviation fuel (SAF) and renewable diesel per year for aviation, marine, and land transport uses.
- Union Maritime, which recently signed a deal with China's state-owned Fujian Mawei Shipbuilding to build four firm 18,500-dwt product/chemical tankers, is now claimed to have contracted Wuhu Shipyard in Jiangsu to build four identical vessels. Wuhu is planned to deliver Union Maritime's four ships in 2025, according to shipbuilding stakeholders watching newbuilding activity in China. The UK-based business is thought to be paying around \$30 million per IMO class 2 methanol-ready product/chemical tanker, which is comparable to the price of its other four ships bought at Fujian Mawei last month. That quartet is also scheduled to arrive in 2025.
- Fukuoka Shipbuilding has built six 19,000-dwt to 25,000-dwt chemical carriers for Fairfield Japan and is now developing the operator's first LNG dual-fuel chemical carrier. The ship is part of the 'Zero-Emission Accelerating Ship Fund Programme', which was created by the Development Bank of Japan Inc (DBJ) and ClassNK to evaluate and fund ships based on their decarbonization, environmentally friendly performance, and overall innovation.
- As part of the initiative, ClassNK assessed the LNG dual-fuel chemical tanker Fairchem Pioneer. The Fairchem Pioneer's LNG dual-fuel engine is intended to drastically cut CO2 emissions, and the ship is expected to satisfy the Energy Efficiency Design Index (EEDI) Phase 3 criteria. According to Fukuoka Shipbuilding, using LNG fuel would help cut NOx, SOx, and particulate matter emissions, fulfilling NOx Tier III and SOx requirements.
- As part of its decarbonization efforts, Stolt Tankers will apply a graphene-based coating to its ships' propellers. The chemical tanker company has agreed to a two-year agreement with Graphite Innovations & Technology (GIT) to apply the coating to 25 of its ships in 2023.
- GIT's XGIT-PROP graphene-based marine coating is characterised as an "eco-friendly product" that decreases marine growth and enhances propulsion efficiency while preventing the emission of dangerous toxins or biocides. "It is expected that the coating will reduce biofouling impact and noise emissions from the company's ships, helping to lower the impact on life below water while improving fuel efficiency," the shipowner stated.