



RLA Weekly Report – Thursday, 25 January 2024

No. 74

Asia-Pacific LPG imports reached an all-time high in 2023

Economy

- In 2024, France will have to deal with an "austerity budget." The budget included €16 billion in reductions to bring the deficit down to 4.4% of economic production this year after eliminating tax increases for households. Furthermore, €7 billion was allocated in the budget for zero carbon emissions and the green transition. France could end up with one of the largest budget deficits in Europe this year if it keeps operating under the conditions of rising borrowing prices and sluggish GDP. The world PMI index, which continued to decline in December and brought the slowdown to 22 months, indicates that the eurozone as a whole will probably continue to be affected by the global economic downturn. In December, the PMI New Export Orders Index was 48.3, compared to 48.5 in November. In order to stabilise the economy, the French economy, like the economies of other European countries, will need to exercise caution throughout 2024. The year ahead will not be easy.

Oil

- US crude oil inventories are projected to fall to a three-month low in January, driven by refinery outages from extreme weather combined with stronger-than-anticipated crude exports. US commercial crude stocks are projected to decline 3 million bbls to 427 million bbls, the lowest level since October, when crude was at 421.9 million bbls. Crude exports came in higher than expected at 5.03 million b/d in the same period. Production is projected to fall by 90,000 b/d to 12.4 million b/d amid extreme cold and operational issues shutting down production, especially in North Dakota/Texas. Product stocks are expected to see an impact from the extreme cold. Refined products may receive more direct support amid cold fronts. Total gasoline inventories likely increased by 1 million bbls to 249.1 million bbls, bringing inventories to a near-two-year high. Nationwide distillate inventories are estimated to have fallen by 81,000 bbls to 134 million bbls, although seasonality suggests a larger draw.

Tanker Freight Rates on Key Routes

Route No.	TC6	TC2_37	TC14	TC8	TC20	TD3C	TD6	TD9	TD18	TD20
Description	30 kt Clean Algeria to Euro Med	37 kt Cont to USAC	38 kt USG to Cont	65 kt Clean MEG to UKC	90 kt MEG to UKC	270 kt Ras Tanura to China	135 kt BSea to Med	70kt Caribs to US Gulf	30 kt Baltic to UKC	130 kt WAF to Cont
Size mt	30000	37000	38000	65000	90000	270000	135000	70000	30000	130000
Route	Skikda to Lavera	Rdam to New	USG to Cont	Jubail to Rdam	Jubail to Rdam	Ras Tanura to Ningbo	Novo to Augusta	Covenas - Corpus Christi	Baltic to UKC	Offshore Bonny to Rdam
	WS	WS	WS	WS	\$	WS	WS	WS	WS	WS
18/01/2024	205.06	190.89	166.79	67.36	5087500	66.29	145.78	367.81	349.50	143.41
19/01/2024	208.94	223.33	162.14	70.55	5656251	65.29	143.88	287.50	350.00	138.73
22/01/2024	219.78	268.67	161.07	75.49	6212500	62.58	140.73	283.13	346.00	132.82
23/01/2024	280.78	304.39	158.93	86.15	6831250	61.33	134.80	267.50	342.50	120.55
24/01/2024	307.56	297.00	162.50	98.24	7650000	59.04	131.93	258.13	341.00	117.82

Source: Baltic Exchange



LPG

- Asia-Pacific LPG imports reached an all-time high in 2023, driven by rising US production and rising demand. Shipments to the region reached 84.5 million tonnes in 2023, representing more than 60% of global trade volume. The US and the Middle East were the largest LPG suppliers to Asia in 2023, with US imports increasing by a fifth y-o-y, reaching 30.8 million tonnes, while Middle East imports increased by 42.9 million tonnes despite cuts in Opec+ production. The growth in trade was mainly driven by the US, driven by increasing upstream production of natural gas liquids (NGL), and China, driven by a surge in import demand associated with the opening of additional propane dehydration plants. China increased its LPG imports in 2023, reaching 30.9 million tonnes, following the opening of nine PDH facilities totalling 5.4 million tonnes in 2023. India also increased its imports to boost its regional intake as domestic consumption steadily increased and output plateaued at 19.3 million tonnes coming from the Mideast Gulf.

VLGC Spot Freight Rates

\$/tonne			
Route No.	BLPG1	BLPG2	BLPG3
Description	AG-East	USG-Cont	USG-Japan
Size mt	44000	44000	44000
18/01/2024	58	60	103
19/01/2024	52	55	95
22/01/2024	50	52	91
23/01/2024	50	52	91
24/01/2024	43	54	95

Source: Baltic Exchange

LNG

- LNG imports into Europe have been on the rise since September 2023. Partly due to the need to fill gas storage ahead of winter but also due to the issues at the Panama Canal. LNG imports into the region are set to reach approximately 11.5 million tonnes in the first half of December 2023. With mild weather and more US cargo entering the region, there hasn't been a sharp decrease in storage, leading to higher storage levels. After December 2023, European LNG imports are projected to fall to 128 million tonnes in 2023 from 128.6 million tonnes in 2022. For Spain, LNG imports were significantly lower than previously forecast. Spain has seen an increase in hydropower levels compared to last year, which has led to a decrease in some LNG demand. Wind power generation is on the rise elsewhere in the region, replacing some of the gas demand. LNG imports in 2024 and 2025 are expected to increase to 132.3 million tonnes and 135 million tonnes, respectively.

LNG Spot Freight Rates

\$/day			
Route No.	BLNG1g	BLNG2g	BLNG3g
Description	Aus-Japan	USG-Cont	USG-Japan
09/01/2024	54480	70299	68247
12/01/2024	47551	63380	66323
16/01/2024	44880	52711	56180
19/01/2024	41796	39539	48401
23/01/2024	40435	37580	41083

Source: Baltic Exchange



Chemicals

- The chemical tanker market increased slightly in 2023 as sustainable and high-performance building material demand continued to grow. The global marine chemical trade reached a record volume of 372.5 million tonnes in 2023, growing at a 1.08% compound annual growth rate (CAGR) compared to the previous year. This was a slight increase from the year before and was 0.47% higher than the five-year average and 8.8% higher than the ten-year average. The tanker T/C market experienced significant volatility throughout 2023. The peak came in late 2022, when charterers offered premium rates for the chemical tankers due to tight vessel supply and strong demand within the chemical trade. In particular, there was a notable increase in earnings from mid-2022 to mid-2023, with a peak in December 2022. By mid-2023, the rates began to decline, with several factors contributing to the decline. One of the most significant issues is the volatile global market conditions, such as inflation and supply chain issues, that will continue to impact the industry through 2023.



SHORT TERM OUTLOOK – OIL TANKER MARKET

A monthly report covering the next four months and including trends in oil supply, demand and trade, tanker demand and supply, spot, and time charter rates for MRs up to VLCCs, comparisons with FFAs plus the latest news on developments impacting the oil and tanker sectors.

MEDIUM TERM OUTLOOK – OIL TANKER MARKET

Concise analyses of topical issues, consistent market data series and views on future trends in tanker charter rates. The report covers Oil Prices; Economic Developments; Oil Demand and Supply; Trade; Tanker Demand, Supply and Rates. Sent to clients around January, April, July and October each year

SHORT TERM OUTLOOK – VLGC MARKET

A monthly report looking four months ahead at likely trends in the VLGC Spot Market with the latest on key LPG carrier trades, benchmark LPG prices, arbitrage developments, a comparison with FFAs and recent news

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SINGAPORE OFFICE

10 Anson Road
#10-11 International Plaza
SINGAPORE 079903
T: +65-6950 7561

LONDON OFFICE

Terminal House
52 Grosvenor Gardens
London, UK SW1W 0AU
T: +44-20-3386 9413

INDIA OFFICE

SCO 10, First Floor
Sector - 79, Mohali,
Punjab, INDIA 140308
T: +91-172-4105887

E: info@wademaritime.com | research@richardsonlawrie.com

w: www.wademaritime.com | www.richardsonlawrie.com