



RLA Weekly Report – Friday, 23 August 2024

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“Asia's Soaring LNG Demand: Japan Leads the Surge Amid the Heatwave, Driving U.S. Exports Higher”

Economy

- The U.S. economy shows a positive outlook; with inflation down from its peak of 9.1% in June 2022 to 3.2% in July 2023 and the labour market remaining stable, the Fed may soon ease interest rates. The current federal funds rate stands at a 23-year high of 5.25% to 5.5%, and there is growing support to lower it. Such moves could keep borrowing costs manageable, preserve job growth, and sustain economic momentum. This aligns with actions from other central banks, like the ECB, which have already started to reduce rates.

Oil & Tanker

- In the United States, both gasoline and diesel demand have decreased compared to the previous year due to factors such as improved engine efficiency and a rising number of electric vehicles. Demand growth remains subdued even in major emerging markets like India, Brazil, and Mexico. Additionally, Iran plans to reduce gasoline consumption by 63,000 b/d by the end of the current Iranian year (March 20, 2025). Despite these trends, the market is optimistic about oil demand. Jet fuel has emerged as the fastest-growing oil product this year.

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 York	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
16-08-2024	WS 172.22	WS 130.00	WS 143.21	WS 46.81	\$ 4175000	WS 60.65	WS 87.00	WS 111.88	WS 234.17	WS 75.69
19-08-2024	170.83	127.19	148.93	46.59	4162500	61.50	87.50	114.06	233.75	75.83
20-08-2024	172.17	120.88	154.29	46.25	4200753	60.98	87.40	115.63	235.00	77.86
21-08-2024	187.06	120.25	160.71	46.69	4222252	59.60	87.60	115.63	235.83	78.50
22-08-2024	206.17	119.81	172.50	47.14	4128502	52.95	87.50	114.69	237.92	78.61

Source: Baltic Exchange



LPG

- India's Bharat Petroleum Corp Ltd (BPCL) plans to invest \$20.3 billion over the next five years to expand its refining, fuel marketing, petrochemical, and green energy businesses under the initiative "Project Aspire." Of this, 8.96 billion USD will focus on increasing refinery and petrochemical capacities. Key projects include a 41% capacity expansion at the Bina refinery, which will add a 1.2 million tonnes/year ethylene cracker and downstream units, slated for completion by FY 2028-29, and a new 400,000 tonnes/year polypropylene project at Kochi, expected by October 2027.

LNG

- Asia, especially Japan, has emerged as a leading destination for U.S. LNG, driven by rising demand for power generation and cooling amid the ongoing heatwave. Japanese utilities are anticipated to request an additional 68 million tonnes of LNG for August-September 2024, marking a substantial increase from previous years. The Japan Meteorological Agency predicts an 80% likelihood of above-average temperatures through early August, with similar heatwave conditions expected in South Korea. Consequently, LNG imports into Asia are forecast to remain robust or even grow, with the region importing approximately 68 million tonnes in the second quarter of 2024, reflecting a 14% and 10% increase compared to the same period in the past year.

Chemicals

- In August 2024, European Mono Ethylene Glycol (MEG) prices declined by 2% in the German market due to weak downstream demand, following a period of stability. Ethylene oxide, a key MEG feedstock, remained stable, limiting cost support. Similarly, US MEG prices dropped by 2.5% in the first half of the month, driven by insufficient feedstock support and sluggish downstream demand. Despite a slight rise in consumer prices in July, overall inflation showed signs of easing, leading to expectations of a possible interest rate cut by the Federal Reserve.



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

MEDIUM TERM OUTLOOK – LPG CARRIER MARKET

A quarterly series of regular reviews, analyses and forecasts of the LPG Carrier Market. The report covers Economic Developments; LPG production, consumption and pricing; LPG, chemical gases and ammonia trade, LPG Carrier Demand, Supply and Rates for Fully Ref, Semi-Ref and Pressurised Ships. Reports sent to clients around January, April, July and October each year.

CHEMICAL CARRIER WORLD SERVICE

An annual consultancy service currently providing Clients with an Annual Fundamentals Report, a Forecast Update, two quarterly Market Monitors, Monthly Commodity Trade Bulletins for key countries, an annual presentation on the market outlook and access to RLA's consultant's and analysts to discuss issues arising from these reports.



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