



RLA Weekly Report – Friday, 10 May 2024

No. 88

BOE Leaves the Benchmark Lending Rates Unchanged

Economy

- On Thursday, The Bank of England (BoE) left interest rates unchanged at 5.25%, as widely expected. While acknowledging their tightening measures are helping to control inflation, the BoE cautioned against anticipating a rate cut in June. This decision throws cold water on market expectations for a potential rate reduction this summer. Financial markets had been anticipating a 25-basis point cut in August, followed by a total of 50-basis points in reductions throughout 2024.

Oil

- On May 1st, Canada made a significant move towards reducing its dependency on U.S. markets and infrastructure with the commercial launch of the Trans-Mountain pipeline expansion project. After 12 years of development and an investment of \$25 billion, this project is now operational. Historically, inadequate pipeline capacity forced oil producers in Alberta to sell their oil at reduced prices, leading to annual revenue losses in the tens of billions of dollars. The expansion aims to address these challenges by tripling the country's crude oil flow. Producers are increasing their output, and as a result, Canadian oil production is anticipated to reach record levels this year, hitting a peak of approximately 5.3 million b/d.

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
	WS	WS	WS	WS	\$	WS	WS	WS	WS	WS
02-05-2024	243.06	170.56	144.64	74.83	6100000	65.75	111.10	155.63	243.00	100.67
03-05-2024	245.00	179.17	144.64	75.05	6018750	66.55	110.10	165.94	243.00	100.67
07-05-2024	268.06	184.44	162.14	77.03	6200000	67.20	110.10	168.75	243.75	102.86
08-05-2024	273.44	187.78	165.36	77.14	6437500	69.80	109.95	168.75	243.75	110.94
09-05-2024	265.00	199.44	170.36	78.46	6512500	72.00	111.35	166.25	246.83	110.94

Source: Baltic Exchange



LPG

- In March 2024, Japan's imports of LPG decreased by nearly a third from the previous year to 847,600 tonnes, as demand in the country fell due to warmer-than-average weather. However, the country's intake remained largely unchanged from February, according to data from the finance ministry. Propane imports decreased by 33% to 744,700 tonnes compared to March 2023, while butane imports increased by 1.3% to 102,900 tonnes.

LNG

- European Union member states are gearing up to deliberate on a new set of proposed sanctions against Russia, aimed at impacting the nation's LNG production and export capabilities. The proposed sanctions, which would be the EU's 14th package, would not prohibit the import of Russian LNG into Europe. However, they would prevent countries from re-exporting it from European terminals to destinations outside the bloc. This approach would effectively compel Russia to reroute its LNG shipments to longer western routes when exporting to markets outside Europe. Under the proposed sanctions by the EU, European companies would be barred from participating in new LNG projects in Russia.

Chemicals

- In April 2024, acrylonitrile prices in the European region demonstrated an upward trend, rising by almost 4% during the month. This increase was primarily due to a reduction in available stockpiles within the market. Production disruptions among key producers, such as those in the Netherlands, along with rising production costs, further limited the supply of acrylonitrile.



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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