



RLA Weekly Report – Friday, 21 June 2024

No. 94

Russia's Oil Exports to China Hit Seven-Month Low in May

Economy

- The People's Bank of China has reduced a key benchmark lending rate that influences mortgage pricing, the five-year loan prime rate (LPR) from 4.2% to 3.95% to stimulate economic growth, while maintaining the one-year LPR at 3.45%. This adjustment in the five-year LPR marks its first reduction since June 2023, whereas the one-year rate was last adjusted in August 2023, have brought both rates to historical lows. The move aims to encourage commercial banks to extend more credit at better rates amidst economic challenges, including a property-sector downturn, rising youth unemployment, and decreased global demand for Chinese products.

Oil & Tanker

- In May, Russia's oil exports to China fell to a seven-month low, totalling 8.91 million tonnes, an 8.2% y-o-y decline. Russian crude oil supply decreased to 9.22 million b/d in May from 9.3 million b/d in April. Meanwhile, China's oil imports from Saudi Arabia, its second-largest supplier, rose by 1.6% y-o-y to 7.44 million tonnes in May 2024, and imports from Malaysia, a major transshipment center for Iranian and Venezuelan oil, increased by 2.9% to 1.38 million b/d, making Malaysia China's third-largest oil supplier for the month. Additionally, China imported 0.28 million tonnes of crude from Venezuela in May, bringing the annual total to 1.2 million tonnes.

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
14 June 2024	171.39	159.69	147.14	69.45	6156250	50.90	122.55	230.31	295.83	111.89
17 June 2024	167.22	159.69	168.57	69.89	6237500	50.60	121.70	225.63	296.25	108.44
18 June 2024	154.44	159.69	212.14	70.77	6200000	50.50	121.45	224.06	295.83	111.22
19 June 2024	143.89	155.94	214.29	71.54	6200000	50.20	122.10	225.94	295.83	112.89
20 June 2024	144.17	154.38	206.43	71.10	6150000	49.90	121.85	225.63	297.08	112.06

Source: Baltic Exchange



LPG

- Asian LPG demand is expected to continue to be a major driver of global growth in the medium term, primarily fueled by the expansion of Chinese PDH plants. Additionally, to a lesser extent, LPG-fed crackers and BDH (butane dehydrogenation) plants will contribute as the Chinese government aims for self-sufficiency in base chemical production by the early 2030s. Despite these growth factors, the outlook for Chinese propylene demand is less optimistic, with expectations of a stall this year. As a result, PDH plants in China are likely to operate at reduced rates, which may compel the shutdown of smaller, less efficient units by the end of this year. This rationalisation is expected to temper the growth of propane demand in China moving forward.

LNG

- TotalEnergies, in partnership with the Nigerian National Petroleum Corporation Ltd. (NNPCL), holding a 60% stake, has taken the final investment decision (FID) to develop the Ubeta gas field within the OML 58 onshore license in Nigeria. The development plan for Ubeta involves the construction of a new 6-well cluster connected to the existing Obite facilities via an 11-kilometer buried pipeline. The anticipated start-up of production is in 2027.
- Shell Eastern Trading Pte. Ltd., a subsidiary of Shell plc, has reached an agreement with Carne Investments Pte. Ltd., which is an indirect wholly owned subsidiary of Temasek, to acquire 100% of the shares in Pavilion Energy Pte. Ltd. Pavilion Energy operates a global LNG trading business and has a contracted supply volume of about 6.5 million tonnes/Year. This move is part of Shell's strategy to enhance its position in the global LNG market and expand its trading capabilities.

Chemicals

- In early June 2024, the price of butanediol in the USA dropped significantly to \$1,787/tonne, FOB Texas. This decline was driven by reduced demand from key downstream industries like high-performance polyester and polyurethane resin. Manufacturers in these sectors scaled back production in response to seasonal demand variations, particularly in apparel and textiles. Further contributing to the decreased demand for butanediol and its derivatives. Despite lower demand, butanediol production in the USA increased slightly, resulting in an oversupply.



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.



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