



RLA Weekly Report – Friday, 12 January 2024

No. 72

Seaborne crude oil exports from the UAE increased significantly in 2023.

Economy

- The recent development in the Red Sea has put the tankers market on hold as the owner embraces the dangers which are lying ahead. As the rates are increasing the demand for the oil was also seen rising due to the long wait. The freight rate observed an uptick due to the rerouting via cape of the good hope which resulted in raising the expenditure by \$1.1 million for LR tanker. The situation in red sea have led to decrease in transit of container ship by roughly 72% which is the largest in the shipping sector disrupting the global trade chain flow followed by the LPG carriers which was down by 60% disrupting the energy sector according to the sources. The ongoing geopolitical tensions are anticipated to support increase in prices as the brent crude climbed above \$78/bbl in US after declining by 5% near \$73/bbl.
- As the geopolitical tension and higher borrowing cost weighs more on output, it would be affirmative to say that the world GDP is likely to fall to 2.4% this year as compared to 2.6% in 2023. The economy in United States grew 2.5% in 2023 and is predicted to fall this year to 1.5% because of their restrictive monetary policy. In 2023, global trade slowed as interest rates were high in the United States and Europe and other major markets which led to lackadaisical demand for goods. Also, in the short term, global trade remains highly uncertain and pessimistic due to the challenges faced by shipping companies in the red sea. However, On the positive side the high interest rates are projected to be slashed by end of 2024 in United States.

Oil

- Seaborne crude oil exports from the UAE increased significantly in 2023. Despite high oil prices and the risk of an economic downturn, 2023 has been another successful year for crude oil trade. In January-November 2023, global crude oil loadings increased by 5.7% y-o-y to 1975 million tonnes. This was significantly higher than the 1869 million tonnes in January-November 2022. Exports from the Arabian Gulf decreased by 0.8% year on year to 797 million tonnes in January-November 2023, accounting for 40% of global seaborne trade. Russia's exports increased by 4.4% year on year to 209.3 million tonnes, accounting for 11% of global trade.

Tanker Freight Rates on Key Routes

| Route No. | TC6 | TC2_37 | TC14 | TC8 | TC20 | TD3C | TD6 | TD9 | TD18 | TD20 |
|------------|------------------|------------------|-------------|----------------|----------------|----------------------|-----------------|--------------------------|---------------|------------------------|
| 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 |
| 05/01/2024 | 199.17 | 117.70 | 153.21 | 62.42 | 4918750 | 59.29 | 143.95 | 273.69 | 332.00 | 142.26 |
| 08/01/2024 | 199.22 | 119.65 | 157.50 | 62.03 | 4862500 | 67.08 | 144.72 | 277.81 | 335.50 | 143.92 |
| 09/01/2024 | 194.22 | 118.95 | 160.00 | 60.44 | 4731250 | 67.75 | 145.85 | 308.75 | 341.00 | 146.00 |
| 10/01/2024 | 194.22 | 118.56 | 159.64 | 59.56 | 4631250 | 67.92 | 146.10 | 313.75 | 343.50 | 143.86 |
| 11/01/2024 | 192.28 | 117.22 | 170.00 | 60.00 | 4525000 | 68.50 | 145.55 | 324.38 | 344.20 | 142.68 |

Source: Baltic Exchange



LPG

- China's LPG demand softened again in the month of November continuing a straight two month decline since September this year. The fall in demand was mainly pertaining to the declining PDH utilization rate due to weaker margins which forced many PDH operators to re-sell their inventories. PDH sector in China has faced a year of turmoil amid a weak economic environment, suffering from propylene oversupply and weak downstream demand. The wholesale LPG demand declined by 12-15% from January to November. Moreover, warmer than usual weather was seen in November indicating a reduction in the demand for LPG required for heating purposes.
- The shipowners though, are optimistic and preparing their fleet for 2024 after enjoying remarkable earnings in 2023 due to Panama Canal restrictions which made vessels re-route towards Cape of Good Hope and Suez Canal, further increasing their tonne-miles.

VLGC Spot Freight Rates

| \$/tonne | | | |
|-------------|---------|----------|-----------|
| Route No. | BLPG1 | BLPG2 | BLPG3 |
| Description | AG-East | USG-Cont | USG-Japan |
| Size mt | 44000 | 44000 | 44000 |
| 05/01/2024 | 137 | 118 | 218 |
| 08/01/2024 | 135 | 115 | 215 |
| 09/01/2024 | 131 | 110 | 182 |
| 10/01/2024 | 114 | 102 | 169 |
| 11/01/2024 | 98 | 97 | 160 |

Source: Baltic Exchange

LNG

- China's LNG imports increased by 11.4% in 2023, as Zero-Covid policies were reversed, allowing for more shipments. Global seaborne LNG trade increased last year, aided by events in Ukraine that forced Europe to diversify away from Russian pipeline gas, but slowed slightly compared to previous years. Global LNG shipments increased by 1.7% y-o-y to 409.9 million tonnes in 2023. The imports firmed quickly in the 1Q 2023 but then slowed down over the spring and summer. The United States is now the largest LNG exporter, accounting for 21.7% of shipments in 2023, followed by Australia at 19.7% and Qatar at 19.2%.

LNG Spot Freight Rates

| \$/day | | | |
|-------------|-----------|----------|-----------|
| Route No. | BLNG1g | BLNG2g | BLNG3g |
| Description | Aus-Japan | USG-Cont | USG-Japan |
| 19/12/2023 | 82503 | 112978 | 111914 |
| 22/12/2023 | 71028 | 95141 | 95070 |
| 02/01/2024 | 68712 | 91186 | 97117 |
| 05/01/2024 | 64221 | 89000 | 93000 |
| 09/01/2024 | 54480 | 70299 | 68247 |

Source: Baltic Exchange



Chemicals

- The Panama Canal restrictions were felt on US Gulf to Asia route affecting the spot fixing and contract volumes, which were seen declining in December 2023. Moreover, elevated prices of auction slot at Panama Canal made it difficult to secure transits through this route. This made many vessels divert towards Cape of Good Hope and Suez Canal. Fixtures with large volume cargoes were reported via the Cape of Good Hope, one being 37,000 tonnes of Methanol from point Lisas to Mid-China. The enormous costs of proceeding via the Cape and Suez Canal were shared between the owners and charters.



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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