



## RLA Weekly Report – Thursday, 23 May 2024

No. 90

### UK Expected to Experience Slower Inflation than Eurozone and US

#### Economy

- The UK is expected to have slower inflation than both the Eurozone and the US for the first time in over two years due to a significant drop in energy prices. The reduction in household energy bills, driven by a 12% cut in the regulatory cap on household energy bills after a drop in wholesale gas prices, is a key factor. April remained the second month in a row where UK inflation was lower than in the US, and the first time since March 2022. This trend may lead the Bank of England to cut interest rates by August, aiming to maintain inflation at 2%. Current inflation rates are 2.4% in the Eurozone and 3.4% in the US.

#### Oil & Tanker

- The market for VLCC tankers declined in April, with dirty freight rates exhibiting volatility. Spot freight rates for VLCCs were lower, showing an 11% m-o-m decline on the Middle East-to-East route. Suezmax freight rates, on the other hand, improved; prices on the US Gulf Coast to Europe route increased by 3% m-o-M. While East Suez rates decreased, the Aframax market saw improvement, with Intra-Med rates rising 15%. Clean tanker prices decreased on all reported routes, with a 10% decrease east of Suez and a 20% decrease west of Suez.

#### 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	Novo to Augusta	Covenas - Corpus Christi	Baltic to UKC	Offshore Bonny to Rdam
	WS	WS	WS	WS	\$	WS	WS	WS	WS	WS
16-05-2024	267.50	192.78	132.14	93.41	7150000	72.15	111.75	148.13	265.00	102.06
17-05-2024	246.11	191.39	138.57	93.08	7225000	73.35	113.50	149.06	269.17	109.83
20-05-2024	233.89	189.38	141.79	92.86	7318750	73.75	116.30	149.06	269.17	112.34
21-05-2024	225.28	180.75	145.36	94.07	7700000	72.95	121.15	140.00	270.00	110.11
22-05-2024	225.83	176.25	145.36	93.74	7835714	70.10	121.50	139.69	272.08	110.67

Source: Baltic Exchange



## LPG

- South Korean petrochemical producers are increasingly using cheaper LPG instead of naphtha, reducing the region's naphtha demand. This shift supports higher operating rates despite weak margins due to oversupply. Reduced naphtha imports may further lower Asian refiners' margins in the summer when LPG prices drop. The U.S., as Asia's leading LPG supplier, will benefit from increased demand. Consequently, South Korea's expanded facilities favor LPG, with its cost advantage over naphtha encouraging continued use. Naphtha use is declining as LPG, which is about \$100/tonne cheaper, becomes a more attractive alternative. This price advantage encourages ongoing use of LPG in petrochemical plants.

## LNG

- A moratorium on new U.S. LNG export projects could advantage producers in the Middle East and Russia, although Western sanctions are limiting Russia's ability to expand. In January, the U.S. administration announced a halt on LNG export permits to non-Free Trade Agreement countries, pending a climate impact review. Qatar plans a major increase in LNG production by 2030, potentially overtaking Australia as the second-largest exporter. Meanwhile, Saudi Aramco and Abu Dhabi National Oil Co are looking to acquire assets in the U.S. to enhance their LNG trading.

## Chemicals

- Monoethylene glycol (MEG) was the dominant cargo on the US Gulf to Asia trade route, with several large shipments secured. Notably, 30,000 tonnes from Texas City to China were fixed at \$85/tonne. Additionally, 17,000 tonnes of methanol from Trinidad to China were transported at \$100/tonne. An MR vessel carried 40,000 tonnes of ethanol from the US Gulf to Korea and the Philippines, priced in the low to mid \$70/tonne. While fewer smaller parcels were reported fixed to Asia, contract volumes remained reasonably good. Vessels are reconsidering the Panama Canal due to reduced waiting times and lower auction slot costs, now around \$100,000. A trader fixed 40,000 tonnes of BTX from Ulsan to the US Gulf at \$97/tonne.



### 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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