

RLA Weekly Report – Thursday, 09 November 2023

No.67

Chinese economic growth projected at 5%.

Economy

- The Chinese economy is currently growing at a medium pace of 5% and it is projected to grow at this pace for next five to ten years, the prerequisite being the loose monetary and fiscal policy. The country is scrambling to revive growth post pandemic and a protracted property market slump. The local government’s debt risks still could hinder the growth, however, the debt to GDP for China currently stands at 21% allowing a greater scope for taking up more debt by the country in order to boost the economy.
- The German economy is estimated to contract in 2023 and contract by 0.4% in 2023. The ongoing energy crisis and reduced real incomes due to persisting high inflation still weigh on the short-term economic outlook. The medium-term growth forecasts are also at an all-time low. The German chancellor Olaf Scholz firmly believes to revive the economy through increased investment measures. The council of economic experts estimate the inflation rate to fall in 2024 for Germany, therefore, a surge in the private consumption will be expected. However, in the long term the German economy will be dampened by labour shortages on the account of demographic changes.

Oil and Tankers

- Oil prices fell about 4% to their lowest since July on November 7. Demand concerns were seen arising due to the recovering Chinese economy and fading investor concerns about interest rate cuts. Trade data from the world’s biggest oil consumer registered an increase of imports by 3% as compared to a year earlier and were also on the up-side on a m-o-m basis.
- The Greek ship owners placed more tanker newbuilding orders in the first week of November. Dynacom has ordered 2 LR1 vessels at Yangzijiang, taking the yard’s total to 8 orders for this vessel type, while the latest investor release from Navios has confirmed 4 Aframax/LR2 tankers.

Tanker Freight Rates on Key Routes

Route No.	TC6	TC2_37	TC14	TC8	TC20	TD1	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	280 kt MEG to USG	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	280000	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 LOOP	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	WS
27/10/2023	195.83	169.75	115.71	54.51	4418750	33.72	59.67	148.00	292.50	300.50	153.41
30/10/2023	195.00	166.25	114.64	53.63	4387500	36.72	66.21	156.20	297.13	302.50	163.64
31/10/2023	195.00	165.00	115.36	52.75	4303125	39.94	72.33	165.20	299.00	304.50	164.09
01/11/2023	195.00	173.75	113.93	52.50	4303125	39.44	72.50	167.00	298.69	306.00	163.41
02/11/2023	195.11	180.00	112.86	51.43	4050000	39.44	71.83	167.3	259.06	306	161.36
03/11/2023	197.33	200.00	119.64	51.04	3925000	38.75	71.29	166.9	262.19	307	159.32
06/11/2023	198.33	204.50	119.64	50.60	3912500	38.13	70.79	166.05	257.81	307.5	148.64
07/11/2023	216.67	214.50	129.29	49.72	3893750	37.81	70	163.6	257.19	311	138.64
08/11/2023	224.44	212.50	139.64	49.50	3875000	37.31	69.17	159.2	274.38	314.5	122.5

Source: Baltic Exchange

LPG

- US inventories rose to seven-year high at 8.26 million tonnes on the account of continued stockbuilding. The said hike in inventories weighed on the Mont Belvieu prices. The US NGL production at present outpaces the exports and domestic demand. The inventories stood highest since 2015. The exports of propane surged to a record high of 183,180 tonnes by early October falling by 46% to 84,262 tonnes mid-October thereby climbing to 154,800 tonnes by the end of this month. The export demand remained sluggish on the account of weak buying sentiment from Asia-Pacific and China. Europe also witnessed decline in the LPG demand for the month of October. The domestic sales also declined to 71,036 tonnes during the month. The stockbuilding resulted in Month Belvieu prices witnessing a fall to \$354/tonne, their lowest since early July despite the onset of the peak demand season.
- Recent auction at Panama Canal for crossing concluded at a whopping \$2.8 million with a humongous increase in booking fee from \$900,000 on average. This record holding VLGC was heading southbound and linked to an Asian charterer. The situation rose pertaining to the drought-hit Panama Canal delays with the canal’s authority body ACP drastically reducing daily crossing of vessels from 32 at present to mere 18 by February in 2024. The rates for VLGCs have witnessed an upward march gaining ground in the first week of November. Voyages from Middle East Gulf to Asia were recorded paying \$119,000/day and the prices at Houston to Chiba route amounted to \$117,000/day. The waiting times at Panama Canal for VLGCs average delay of 16 days southbound and 20 days northbound at present.

VLGC Spot Freight Rates

\$/tonne	BLPG1	BLPG2	BLPG3
Route No.	AG-East	USG-Cont	USG-Japan
Description			
Size mt	44000	44000	44000
27/10/2023	132	113	202
30/10/2023	134	113	203
31/10/2023	135	115	206
01/11/2023	140	126	230
02/11/2023	142	129	235
03/11/2023	144	132	238
06/11/2023	145	133	238
07/11/2023	146	134	239
08/11/2023	146	133	239

Source: Baltic Exchange

LNG

- The EU has reportedly imported 76.5 million tonnes of LNG in the period from January to September this year. This accounts for an overall increase of 4.4% Y-o-Y. The US has the highest share in total seaborne exports to EU at 64.5 million tonnes representing 21% of the total, closely followed by Australia at 60.2 million tonnes, 19.8% of the overall EU LNG imports. Qatar accounted for 19.6% of the seaborne LNG exports to EU equalling 59.7million tonnes. The global LNG trade surged last year onwards as Europe looked for alternatives other than Russian pipeline gas. However, the Russian LNG exports still amounted to 21.9 million tonnes in the same period. Global LNG shipments equalled 404 million tonnes in 2022, up from 2021 by 4.9%. In period from January to September this year the LNG shipments surged by 16% Y-o-Y to 304 million tonnes compared to 299 million tonnes in the same period making EU the biggest LNG importer in the world. The EU now accounts for 25.3% of the global seaborne LNG imports.



LNG Spot Freight Rates

\$/day Route No. Description	BLNG1g Aus-Japan	BLNG2g USG-Cont	BLNG3g USG-Japan
27/10/2023	139701	155233	180161
31/10/2023	143585	155187	180585
03/11/2023	144644	162179	181632
07/11/2023	146621	162173	181647

Source: Baltic Exchange

Chemicals

- A large volume of chemical cargoes were quoted out and fixed on the Transatlantic east bound trade route mainly carrying Methanol, Ethanol Styrene and MEG. Most of the spot space available among the regular carriers was occupied by these cargoes impacting the freight rates substantially. The 5,000 tonne rate surged from \$70 pmt to \$83 pmt in October. With most of the November space already booked as well, the rates are estimated to rise higher in the immediate future. A short slump in the clean petroleum market in October was not enough to send MRs for chemicals trade. The cargo space is projected to stay tight for the month of November. A 14,000 tonnes MTBE from Houston to Rotterdam was reported at \$68 pmt. The Mediterranean market also seems quite firm. 20,000 tonnes MEG from Corpus Christi to Inskendrun was fixed at \$75 pmt and 4,000 tonnes 2 grades chemicals from Houston to Gebze paid \$105.