



RLA Weekly Report – Friday, 18 August 2023

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Eurozone shows resilience despite economic headwinds

Economy

- According to data released on Monday by Eurostat, the EU's statistical office, Europe's economy is displaying encouraging signs of resilience. In July, inflation within the eurozone decreased to 5.3%, a decline from the previous month's 5.5%. This marks the lowest recorded inflation level since January 2022, predating the extended economic uncertainty stemming from the Russian invasion of Ukraine.
- However, core inflation, which offers a more precise assessment of underlying price pressures, remained steady at 5.5% in comparison to June.
- Annual inflation for food, alcohol, and tobacco decelerated to 10.8%, contrasting with June's 11.6%. Additionally, prices for energy and industrial goods experienced a decline. Conversely, the services sector observed a slight uptick in inflation to 5.6%, up from June's 5.4%.

Oil and Tankers

- In July, China's crude oil imports fell to their lowest level in six months after reaching a three-year peak in June, mainly because of high domestic inventories. According to the latest reports, China brought in about 10.3 million b/d of crude last month, around 17% higher than same time last year. However, this was 20% less month on month. The main reason for the decline in crude imports was that Chinese stocks kept increasing in May, when most of the cargoes for July delivery were traded, which reduced the demand from Chinese refiners. From January to July 2023, China's average crude oil intake was 11.2 million b/d, which was 12% higher than 9.98 million b/d in the same period in 2022.

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
11/08/2023	139.44	171.75	140.00	44.83	3381250	30.17	47.15	74.10	99.06	191.00	64.77
14/08/2023	145.56	170.00	144.17	45.16	3518750	30.00	47.00	73.30	100.31	192.50	65.00
15/08/2023	156.11	171.00	159.17	47.36	3637500	26.44	46.85	73.55	101.88	192.50	65.00
16/08/2023	171.94	178.25	166.25	48.02	3656250	26.33	46.42	73.80	116.56	192.00	65.23
17/08/2023	196.67	198.50	166.67	49.78	3668750	26.22	46.21	74.30	118.44	191.50	67.91

Source: Baltic Exchange

LPG

- China's LPG imports reached a record high of 3.08 million tonnes in July. Despite this increase, wholesale prices remained unaffected. LPG imports meant for the eastern region, especially PDH plants, are not being sold in the wholesale market due to favorable propylene and polypropylene margins. Imports to southern Chinese terminals serving the wholesale market dropped by 28% to 451,000 tonnes in July, attributed to higher inventories reducing demand.
- LPG shipments from the US to northwest Europe dropped to 410,000 tonnes in July and 408,500 tonnes in June, from 540,000 tonnes in May. However, there is an anticipated increase in August due to favorable conditions in the US arbitrage market. Concurrently, the local supply was impacted as Norway experienced a fall of 38,500 tonnes in butane exports, totalling 122,500 tonnes for the month. This strain on supply has become more conspicuous recently, as evidenced by multiple bids from petrochemical giants Ineos and Shell, seeking deals on the spot market for deliveries in the latter half of August.

VLGC Spot Freight Rates

Route No. Description Size mt	BLPG1 AG-East 44000	BLPG2 USG-Cont 44000	BLPG3 USG-Japan 44000 \$/tonne
11/08/2023	98	97	167
14/08/2023	95	97	168
15/08/2023	95	98	169
16/08/2023	95	99	169
17/08/2023	95	99	170

Source: Baltic Exchange

LNG

- LNG shipping market players are already focusing on the upcoming busy winter and speculating about potential developments. The volatile 2022 market was driven by European energy security concerns due to the halted Russian gas supply, raising US LNG intake and charter rates above \$400,000/day. However, 2023 has shown more stability, with ample European gas reserves expected to hit 90% capacity before November. Asian LNG demand is recovering but not as predicted, while recent weeks saw minimal LNG carrier fixtures and emerging relet vessel positions.

LNG Spot Freight Rates

Route No. Description	BLNG1g Aus-Japan	BLNG2g USG-Cont	BLNG3g USG-Japan \$/day
04/08/2023	72276	74537	95524
08/08/2023	75779	81488	116921
11/08/2023	85484	91676	129656
15/08/2023	90343	95204	133613

Source: Baltic Exchange



Chemicals

- The European methanol market is poised for relief from oversupply as US methanol exports to China divert volumes from the region. High Rotterdam storage levels in H1 2023 are driven by global oversupply and low demand enabling some terminals to operate below full capacity.
- Japan's innovative liquefied hydrogen (LH2) carrier, the Suiso Frontier, has embarked on a marketing and educational tour to Oman, following previous visits to Abu Dhabi and Saudi Arabia. As the world's first hydrogen carrier, the vessel highlights Japan's technological prowess and intends to promote future supply chains for hydrogen products.