



## RLA Weekly Report – Friday, 22 March 2024

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### Geopolitical Tensions in the Red Sea: Impact on Global Shipping and Oil Market

#### Oil

- Despite international efforts to ease the conflict, Houthi attacks in the Red Sea persist. Consequently, the shipping market is experiencing significant repercussions. The redirection of ships due to Red Sea incidents leading to more oil consumption by ships, coupled with a robust US economy, has led the International Energy Agency (IEA) to revise its oil demand prediction for 2024. The forecast now stands at an increase of 1,10,000 barrels per day (b/d), reaching 1.3 million b/d. Challenges around the Red Sea have caused a surge in oil stockpiles carried on vessels, even though global onshore oil reserves remain at their lowest levels since at least 2016. Notably, Middle Eastern diesel exports to Europe reached a two-month peak in February, with Saudi Arabia and Kuwait playing a significant role. Furthermore, Europe's reliance on Middle Eastern and US diesel imports has intensified due to the EU's ban on Russian oil products in February 2023. Meanwhile, Africa and Latin America have absorbed a substantial portion of the displaced Russian oil products, including any surplus intended for Europe.

#### 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
15/03/2024	336.67	251.39	183.93	83.63	6806250	75.68	107.05	169.38	297.50	101.27
18/03/2024	344.44	252.50	195.71	88.79	7475000	83.57	107.20	167.19	294.00	99.77
19/03/2024	350.00	236.94	194.29	93.52	7706250	81.91	107.05	158.44	289.00	103.32
20/03/2024	349.89	220.83	194.29	92.75	7912500	76.68	107.55	154.69	287.00	105.91
21/03/2024	343.33	206.39	186.43	90.66	7800000	71.59	106.60	146.56	288.00	105.45

Source: Baltic Exchange

#### LPG

- Iran is expected to continue increasing its LPG exports in the Mideast Gulf, despite US sanctions on the country's energy and banking sectors. The country's LPG exports rose by 2.6 million tonne in 2023 to almost 11.4 million tonne and are expected to grow by 600,000 tonne this year, making Iran the largest LPG exporter in the region for the first time. Iran's exports have hovered at around 5 million tonne/year over 2018-20, driven by rising LPG output, 80% of which is from gas processing. US sanctions, which began in 2018 after Washington withdrew from the 2015 JCPOA nuclear deal, initially restricted Iran's crude and oil products production and exports.



## LNG

- As LNG prices have dropped to their lowest point in over three years, price-conscious China, India, and other regions of Southeast Asia are grabbing up more spot cargoes of the fuel to power businesses and produce electricity. The world's largest LNG consumer, China, may import more LNG in 2024 than ever before thanks to the price-driven demand rebound. India may also increase its imports by roughly 10% this year, which would further restrict global supply and ultimately drive-up prices. In the first quarter of this year, Asian importers increased their spot LNG purchases by almost a third. Given the decreasing pricing of LNG in Asia, some purchase tenders are being received more regularly, particularly from price-conscious buyers like China, Vietnam, and India. It is anticipated that this year's rising spot demand will help drive up overall LNG demand in Asia.

## Chemicals

- A 38,000 DWT chemical tanker with 30 stainless steel tanks has been ordered by Stolt Nielsen, and it is expected to be delivered between 2026 and 2029. This order, which is a joint venture with Japanese ship owner NYK, is placed with a Chinese shipyard. A different Chinese shipyard received an order from Stolt in November 2023 for six sisterships. Compared to the vessels they will replace these 12 new buildings have a notably lower number of tanks. This implies that in the future, charterers will have greater challenges while shipping tiny grades.



### 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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