



## RLA Weekly Report – Friday, 05 April 2024

No. 83

### Middle East Tensions Escalate Crude Prices Beyond \$90/bbl

#### Economy

- India's leading services sector experienced accelerated growth in March, driven by robust demand. Employment in this sector rose at the quickest pace in seven months, and exports saw unprecedented expansion. The Services PMI increased to 61.2 in March 2024 from 60.6 in February, defying an initial estimate predicting a fall to 60.3. The rise in India's PMI services in March was propelled by robust demand that boosted sales and business activity. Strong domestic demand and positive economic conditions led to an increase in new business, and exports surged as well.

#### Oil

- Oil prices climbed over \$90/bbl amid escalating tensions in the Middle East. This week, Brent futures increased by 1.5% to \$90.65/bbl, marking the highest settlement price since October. This rise came as traders considered the possibility of Iran's retaliation following an alleged Israeli assault on its consulate in Damascus. There are concerns that the conflict between Israel and Hamas could escalate into a wider conflagration, triggering global inflation. The increase in oil prices makes it more challenging for central banks to curb rising inflation. The US Department of Energy announced the cancellation of its recent plans to buy oil to replenish the nation's emergency crude reserves due to the surge in oil prices. The Strategic Petroleum Reserve has seen significant withdrawals in recent years to compensate for supply disruptions caused by Russia's full-scale invasion of Ukraine.

#### 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
27/03/2024	308.33	181.39	231.43	77.80	6443750	63.91	109.40	134.38	286.50	110.68
28/03/2024	297.78	183.06	239.29	78.24	6362500	64.77	109.25	133.44	284.50	110.32
02/04/2024	286.67	200.00	223.57	76.15	6225000	66.35	108.40	130.00	283.00	107.78
03/04/2024	260.28	199.72	202.50	76.15	6125000	66.15	108.55	131.25	284.00	107.78
04/04/2024	253.33	198.89	206.07	72.20	5681250	65.40	109.20	139.69	281.50	106.22

Source: Baltic Exchange



## LPG

- In the first quarter, China's LPG imports saw a considerable rise compared to the same period last year, aligned with the country's ongoing expansion of PDH capacity. PDH rates have increased since January, bolstering plans to inaugurate more new plants this year. In January, China imported 2.6 million tonnes of LPG, and 2.1 million tonnes in February, marking y-o-y increase of 20% and 10%, respectively.

## LNG

- In March 2024, the U.S. natural gas market experienced a notable decline, with LNG prices dropping 6.3%. Even as U.S. producers cut back on production due to low prices, there remains a sense of cautious optimism in the LNG industry. Leaders are confronting the present difficulties while simultaneously planning for potential future gains. The current low prices in the natural gas market are the result of mild winter weather leading to weaker demand and a surplus of natural gas. As of March 2024, the natural gas stocks were significantly above the five-year average, indicating an oversupplied market. As LNG export facilities come online and global demand for natural gas continues to rise, producers remain optimistic about the long-term prospects of natural gas.

## Chemicals

- In the Transatlantic market, a balance was observed between cargo availability and shipping capacity. The high contract nominations for three major carrier sizes did not exert much pressure in the spot market. Throughout March, freight rates fluctuated, ultimately registering a slight decrease from February's figures. The mix of spot cargoes was diverse, including Caustic, Benzene, Lubes, Acrylates, and Glycols. A shipment of 5,000 tonnes of simple chemicals was arranged from Houston to Antwerp at a rate of \$86, while 1000 tonnes of specialty chemicals from the Mississippi River to Antwerp fetched \$183. There appears no immediate expectation of price changes for this trade route.



### 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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