



## RLA Weekly Report – Friday, 31 May 2024

No. 91

### Houthi Strikes Disrupt Red Sea and Gulf of Aden: Significant Impact on Tanker Demand and Sailing Lengths

#### Economy

- The U.S. economy grew at an annualized rate of 1.3% in the first quarter, lower than the previous estimate of 1.6% and well below the 3.4% growth seen in the fourth quarter of 2023. This adjustment is attributed to reduced consumer spending and weaker retail sales and equipment investments. Inflation for the fourth quarter, 2023 was revised to 3.3%, marking the highest increase in a year. Despite the sluggish start in 2024, the economy is expected to perform better in the second quarter due to a strong job market. Although unemployment claims slightly increased, the labour market remains strong, supporting overall economic stability. The Federal Reserve's interest rate hikes since March 2022 are intended to rebalance economic demand.

#### Oil & Tanker

- Houthi militants' strikes in the Red Sea and Gulf of Aden are creating severe interruptions in transportation, impacting tanker demand. The consequent avoidance of the region by ships is projected to account for up to 80% of tanker demand this year. These delays are expected to continue throughout the year, raising average sailing lengths by 7% for oil tankers and 4% for product tankers. Sanctions on Russia's oil sector is expected to increase crude tanker demand by 10.2% and product tanker demand by 6.4% from 2022 levels. The Red Sea, Suez Canal, and Gulf of Aden are predicted to restrain demand growth in 2025, resulting in a 4.5% reduction in oil tanker tonne-mile demand.

#### 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
23-05-2024	225.00	174.69	143.57	92.42	7837500	68.45	122.55	129.38	212.86	110.67
24-05-2024	226.89	178.44	141.79	91.98	7787500	68.00	122.80	127.81	215.71	110.11
28-05-2024	275.00	194.69	156.79	88.02	7487500	65.70	123.10	145.31	228.93	111.22
29-05-2024	285.00	204.69	197.14	84.73	7075000	63.08	124.30	142.19	271.43	113.50
30-05-2024	285.00	201.88	245.00	82.20	6800000	57.70	124.05	156.56	315.00	114.89

Source: Baltic Exchange



## LPG

- South Korea's LPG consumption in the first quarter of 2024 showed a promising start. While there was a slight y-o-y decrease of 3% compared to 2023 (totalling 2.1 million tonnes), there are positive signs for continued growth. Notably, March 2024 saw a significant surge in consumption, rising 20.2% from February to reach 1.07 million tonnes. This jump is likely fuelled by a 12% increase in petrochemical exports during the same month, indicating a strong link between LPG demand and industrial activity. Furthermore, March's consumption marked a robust 29.8% y-o-y increase, suggesting a sustained positive trend for the South Korean LPG market.

## LNG

- Extreme temperatures across Asia are driving up LNG demand, with South Asian imports hitting record levels. This surge is tightening supply and pushing Asian spot prices to a six-month high above \$12/mmBtu. Heatwaves in South and Southeast Asia are boosting electricity use for cooling, straining power supplies. South Asian LNG imports rose nearly 20% in May, with India and Bangladesh setting record import levels. New importers like the Philippines and Vietnam have also increased purchases. As Northeast Asia enters summer, demand is expected to remain high, with Japan, South Korea, and Taiwan anticipated to restock significantly more LNG than last year.

## Chemicals

- The freight market on major trade lanes from the US remained balanced with stable freight levels. A significant amount of cargo, particularly from the US Gulf to Europe, was available and mostly shipped, maintaining steady rates. Towards the end of the month, activity slowed slightly and rates for larger parcels weakened. Although few Styrene and MEG cargoes were traded, shipments of Methanol, Ethanol, and Benzene compensated. Specific deals included 15,000 tonnes of Benzene from Houston to Rotterdam at high \$70/tonne and 17,000 tonnes of Luboils at \$90/tonne. Additionally, 22,000 tonnes of Ethanol were shipped from Galveston to Huelva at \$57/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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