



## RLA Weekly Report – Friday, 02 February 2024

No. 75

### Tanker Market Poised for Strong 2024 with Optimistic Freight Rate Outlook

#### Economy

- Hong Kong's economy grew at a faster-than-expected pace in Q4, expanding by 4.3% compared to a year-earlier increase of 4.1%. Growth was driven by inbound tourism, private consumption, and exports. Looking ahead, the challenging external environment is likely to continue to weigh on Hong Kong's exports of goods for the rest of 2024. The tight financial conditions are likely to remain a drag for the foreseeable future. However, the situation may improve in the second half of the year if advanced economies lower interest rates as anticipated. In the fourth quarter, the economy grew at a seasonally adjusted rate of 0.5%, compared to a previously reported rate of 0.3%. In the first quarter, the economy expanded at a rate of 6.2%.

#### Oil & Tankers

- The tanker market is on track for a strong period ahead, with optimistic signs for freight rates in 2024. Notably, the product sector is displaying encouraging developments, deviating from the downward trends seen in the first months of the year over the past six years. As of January 2024, the MR Pacific Basket has experienced a notable twofold increase in earnings, reaching \$56,707/day, marking the highest level since December 2022. Similarly, the MR Atlantic Basket has surged by around 31% to \$36,460/day since the start of the year. Moreover, LR1/LR2 rates linked to the Middle East have surpassed \$100,000/day, doubling since January 2nd, 2024. Specifically, the LR2 TC1 route (Middle East Gulf to Japan) concluded the week at \$100,894/day, signalling a positive outlook for the tanker market.

### 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
26/01/2024	307.78	227.78	164.29	111.32	8687500	57.83	129.60	256.88	342.70	108.86
29/01/2024	277.83	214.78	166.07	113.95	8868750	58.13	129.00	250.94	342.00	108.75
30/01/2024	260.06	204.78	176.07	114.07	8928125	56.79	129.90	218.75	343.50	109.55
31/01/2024	258.33	175.00	176.07	112.20	8656250	57.50	129.65	210.63	347.50	108.50
01/02/2024	245.00	166.39	164.64	111.76	8475000	57.94	129.70	204.38	349.50	105.55

Source: Baltic Exchange



## LPG

- India's LPG imports witnessed a marginal increase last year, surpassing demand by 3% at 18 million tonnes. This is due to production plateaus at 12–13 million tonne/year in the last few years due to flat refining capacity, where all of India's domestically produced LPG originates. The residential sector accounts for 90% of India's LPG demand, and the industrial and commercial sectors account for 10%. However, household LPG is mostly butane-heavy blends. As a result, the country is more dependent on heavy butane imports from the Mideast Gulf. However, propane imports made up the largest part of the LPG arrivals in India last year. They increased by 11% to 9.7 million tonne in 2023. This sharp rise is linked to the growing industrial sector's demand for LPG instead of more expensive natural gas, which is imported as liquefied natural gas (LNG). The increase in LPG imports in India has been driven by higher propane consumption and increased market coverage due to the PMUY. It is difficult to forecast LPG output because refinery product slated varies depending on the crude types, but it is expected to increase soon.

## VLGC Spot Freight Rates

\$/tonne	BLPG1	BLPG2	BLPG3
Route No.	AG-East	USG-Cont	USG-Japan
Description			
Size mt	44000	44000	44000
26/01/2024	41	52	92
29/01/2024	38	50	90
30/01/2024	36	47	87
31/01/2024	34	45	83
01/02/2024	32	40	73

Source: Baltic Exchange

## LNG

- LNG spot charter rates have fallen to just above \$50,00/day as the decline continues amid weak demand and negative market sentiment. However, market participants are raising fresh inquiries this week and noting a reluctance among those with on-board vessels to charter at these levels, which could signal a turning point in spot rates. Spot rates for the two-stroke LNG carriers 174,000-CBM have fallen again this week to around \$52,500/day, with daily levels hovering around \$50,000 in the east. Year to date, two-stroke levels in the west have averaged \$86,500/day, compared to 2023's average of \$124,317/day and 2022's average of \$159,288/day. Year-to-date, the average modern vessel in the east has averaged \$70,300/day, compared to 2023's average of \$126,529/day and last year's average of \$151,558/day. On a spot basis, around 20 vessels were showing open, despite an increase in the tonne-mile count of vessels avoiding the Red Sea's assault-prone waters by the militants. LNG shipping has quickly and easily adapted to life outside the Red Sea. However, LNG ship owners anticipate that the increase in tonnage from the red sea avoidance will not be reflected in the charter market for some time. Term charter rates are stable, although they have fallen since the start of the year. LNG shipping forecasts for the next 2 years are expected to be gloomy.



## LNG Spot Freight Rates

\$/day Route No. Description	BLNG1g Aus-Japan	BLNG2g USG-Cont	BLNG3g USG-Japan
16/01/2024	44880	52711	56180
19/01/2024	41796	39539	48401
23/01/2024	40435	37580	41083
26/01/2024	37177	38639	40087
30/01/2024	36853	39158	40311

Source: Baltic Exchange

## Chemicals

- Spot trade from the U.S. Gulf to Asia was slow at the start of the year, mainly due to charterers not being able to pay for deviation costs, pre-bookings, or auction slots due to the low water level in the Panama Canal. Auction slots range from \$55,000 to \$650,000 and more and are prorated in between cargoes. Deviation through the Cape is even higher. Contract volumes were low for most charterers. The waiting time for transit for a vessel with a pre-book or auction slot is 4-5 days. The high-rate level paid in December dropped slightly in early January but recovered much of the loss in the following months. During the month, 20,000 tonnes of EDC were fixed at Point Comfort at \$125pmt to China. Several large cargoes of methanol and ethanol, ranging from 22,000 to 38,000 tonnes, were worked on and fixed in the month. They paid around \$100, depending on the port and the dates involved. The spot market was not active for smaller parcels, as most were covered under the COAs. A few large benzene shipments were rescheduled back to the U.S. Gulf via Ulsan in 38,000-tonne lots.



### 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.



#### SINGAPORE OFFICE

10 Anson Road  
#10-11 International Plaza  
SINGAPORE 079903  
T: +65-6950 7561

#### LONDON OFFICE

Terminal House  
52 Grosvenor Gardens  
London, UK SW1W 0AU  
T: +44-20-3386 9413

#### INDIA OFFICE

SCO 10, First Floor  
Sector - 79, Mohali,  
Punjab, INDIA 140308  
T: +91-172-4105887

E: [info@wademaritime.com](mailto:info@wademaritime.com) | [research@richardsonlawrie.com](mailto:research@richardsonlawrie.com)

w: [www.wademaritime.com](http://www.wademaritime.com) | [www.richardsonlawrie.com](http://www.richardsonlawrie.com)