



RLA Weekly Report – Friday, 02 August 2024

No. 100

The Bank of England reduces interest rates to 5%

Economy

- The Bank of England has lowered interest rates for the first time in over four years, in a closely contested vote that supports the labour government's commitment to stimulating economic growth. The Monetary Policy Committee voted five to four in favor of reducing the bank's key rate by a quarter of a percentage point to 5%, the BoE announced on 01 August 2024. This decision follows inflation returning to the bank's 2% target in May and remaining steady in June, despite persistent high inflation in the services sector. BoE governor Andrew Bailey, announcing the decision, emphasized that this move would not lead to a series of rapid cuts.

Oil & Tanker

- Geopolitical risk has significantly impacted oil markets following Israeli airstrikes that killed Hamas leader Ismail Haniyeh and senior Hezbollah military commander Fuad Shukr. Oil prices surged immediately after the news, with WTI exceeding \$77/bbl and Brent approaching \$81/bbl. The first of Israel's two strikes on 30 August 2024 was an airstrike in Beirut targeting Fuad Shukr, whom Israel accused of being responsible for rocket attacks on the Golan Heights, which resulted in the deaths of 12 civilians.

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 York	USG to Cont	Jubail to Rdam	Jubail to Rdam	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
26-07-2024	211.11	200.63	154.29	59.12	4581250	55.20	100.95	180.94	233.33	87.89
29-07-2024	202.22	203.13	155.00	57.58	4525000	54.35	100.20	175.94	233.33	88.17
30-07-2024	186.11	211.25	154.29	57.03	4437500	49.25	98.90	171.56	234.58	85.28
31-07-2024	169.44	207.19	159.29	57.69	4468750	47.20	98.00	129.38	232.50	82.89
01-08-2024	156.39	201.56	160.00	57.47	4556250	47.00	97.45	118.44	232.92	80.39

Source: Baltic Exchange



LPG

- Enterprise Products Partners, a US midstream energy and petrochemicals company, announced an expansion project along the Houston Ship Channel due to ongoing strong customer demand for LPG export capacity. The company plans to increase refrigeration capacity at its Enterprise Hydrocarbons Terminal (EHT), which will boost propane and butane export capabilities by approximately 9.4 million tonnes/year. The expanded service is anticipated to commence by the end of 2026.

LNG

- In July 2024, U.S. Natural Gas prices saw a notable decline, settling at \$2.124 /mmbtu by the month end. This drop was attributed to rising output, ample inventories, and changing demand dynamics. Crude oil production surged significantly compared to the previous year, leading to a corresponding increase in Natural Gas production, with both marketed output and Texas production rising by 1.7% YoY. Despite this increase, the forecasts predict hotter weather which could boost demand for natural gas.

Chemicals

- The European Benzene market is experiencing a downward trend due to decreased production costs and weak demand, influenced by global geopolitical tensions and abundant local inventories affecting Naphtha prices. This has created a challenging environment for producers, leading to fluctuating raw material costs and pressure on profit margins. In late July 2024, Benzene prices in Germany ranged from \$960-\$1,115/mt, FOB Hamburg. The primary cause of the price decline is low demand, which has hindered producers' ability to maintain margins, resulting in reduced production volumes and financial strain. Consequently, Benzene manufacturers have ample inventories to meet both domestic and international demand, impacting their profitability and long-term sustainability.



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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