



RLA Weekly Report – Friday, 26 July 2024

No. 99

US Economy Grows Faster Than Expected in Q2; Inflation Eases

Economy

- In the second quarter, the U.S. economy grew at an annualized rate of 2.8%, surpassing the 2.0% forecast and up from 1.4% in the previous quarter, buoyed by a strong labor market despite a rising unemployment rate of 4.1%. Inflation eased, with the core PCE price index increasing at a 2.9% rate, supporting expectations for a Federal Reserve interest rate cut in September. However, future economic prospects are uncertain due to slowing wage growth, a lower saving rate, declining state and local revenues, and potential new tariffs if Donald Trump is re-elected. Despite these challenges, a recession is not anticipated, and monetary policy easing is expected later this year.

Oil & Tanker

- The surge in diesel exports to Europe and Africa from Middle East Gulf drove up freight rates in June 2024 for Middle East Gulf to UK-Continent clean tankers. Conversely, global VLCC dirty freight rates have remained weak, leading major trading houses to switch from dirty to clean cargoes on larger tankers to benefit from higher clean tanker rates. Since mid-June, there have been three VLCC diesel loadings from the Middle East, marking a return to this trade after a nine-month hiatus, despite the additional cost of cleaning the tankers. As the supply of clean tankers increases, LR tankers already in the clean trade may face downward pressure on the rates.

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
19-07-2024	206.11	205.00	170.71	72.42	5125000	52.65	104.85	225.00	226.67	94.75
22-07-2024	212.22	201.56	174.64	70.66	5000000	54.30	104.75	218.75	225.83	93.89
23-07-2024	220.56	192.81	181.43	66.48	4862500	58.05	104.23	210.94	226.67	92.22
24-07-2024	220.28	197.50	177.86	59.78	4725000	59.00	102.60	198.13	227.92	87.61
25-07-2024	215.56	199.38	167.14	59.23	4662500	58.80	101.55	190.00	232.08	87.47

Source: Baltic Exchange



LPG

- India's propane imports have surged this year due to rising industrial demand, with imports expected to grow further next year as the state-run natural gas distributor prepares to launch the country's first PDH plant in Usar, Maharashtra. In the first half of this year, propane imports rose by 13% YoY, reaching 5.2 million tonnes.

LNG

- Venezuela's Oil Minister, Pedro Tellechea, has announced a historic 20-year agreement with BP and The National Gas Company of Trinidad and Tobago Limited. This strategic partnership will concentrate on the production and exploration of natural gas, marking a major commitment to advancing Venezuela's natural gas resources. The deal aims to strengthen Venezuela's energy sector by harnessing the expertise and resources of BP and the Trinidadian company. It highlights Venezuela's efforts to attract substantial international investment and technological expertise to enhance its energy infrastructure and expand its natural gas production over the long term.

Chemicals

- In the second half of July 2024, Caustic Soda prices in the US rose due to decreased production rates and higher selling costs in the export market. The price increase was exacerbated by limited inventories, a container shortage, and disrupted production. Hurricane Beryl has halted industrial Caustic Soda production in the USA, and floods have affected downstream demand in the Alumina sector. US-origin Caustic Soda imports are becoming more prominent in the North American market, with US producers sustaining high prices due to reduced domestic supplies and elevated local prices in recent weeks.



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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