



RLA Weekly Report – Friday, 19 July 2024

No. 98

VLCCs to Enter Argentina's Oil Market Amid Vaca Muerta Output Surge and New Pipeline

Economy

- Federal Reserve policymakers signalled that interest rate cuts are on the way, citing better inflation and a balanced labour market. This paves the way for a probable rate drop at the Fed's September meeting. It demonstrates rising confidence in the ongoing disinflationary trend. Recent good inflation numbers indicate that rate cuts may be necessary shortly. The inflation options, with the two most likely showing further moderation toward the Fed's 2% objective. The Fed is anticipated to keep its benchmark rate at 5.25%-5.5% in July, but markets predict a rate decrease in September and another by the end of the year. Progress in decreasing pricing pressures across products, services, and housing, with cautious confidence about meeting the 2% inflation target.

Oil & Tanker

- VLCCs may soon enter Argentina's oil market, which is now dominated by smaller vessels. Despite economic instability, Argentina's oil and gas sector has quietly increased output and exports. The Vaca Muerta, which holds the fourth-largest shale oil deposits, recently raised crude oil output to almost 300,000 b/d. The state-owned YPF is building a \$2.5 billion crude oil pipeline from Vaca Muerta to the Punta Colorada port, with the first 130 kilometers of the 600-kilometer line already under construction. The pipeline is anticipated to carry 180,000 b/d by 2026 and 400,000 b/d by 2030. The terminal will include two single-point moorings to accommodate VLCCs. The pipeline's forthcoming operations are projected to boost VLCC market share.

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	3E+05	135000	70000	30000	130000
Route	Skikda to Lavera	Rdam to New York	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
12-07-2024	246.67	179.06	171.79	80.66	5737500	46.35	118.20	192.50	234.58	99.17
15-07-2024	231.11	182.50	212.14	79.51	5581250	46.10	117.95	197.81	230.83	98.44
16-07-2024	209.83	183.75	225.71	77.91	5500000	44.85	117.15	208.75	230.83	97.61
17-07-2024	205.28	187.81	203.57	76.92	5325000	45.45	106.35	216.88	229.17	96.50
18-07-2024	203.89	199.06	170.71	72.75	5231250	46.90	105.00	222.50	227.92	94.89

Source: Baltic Exchange



LPG

- This year, India's propane imports have climbed dramatically as its industrial use expands and imports are expected to increase further next year as the state-run natural gas distributor prepares to establish the country's first propane dehydrogenation (PDH) facility in Usar, Maharashtra. India's propane imports will increase further next year as Gail continues to obtain feedstock for its new 500,000 tonne PDH facility in Usar, which is scheduled to open in 2025 and will require about 600,000 tonne in imports. Gail has negotiated a 15-year supply contract with Indian state-controlled refiner Bharat Petroleum to ensure this amount for the Usar plant from the latter's adjacent Uran terminal beginning next year. Gail's PDH project hopes to benefit on India's expanding polypropylene demand, which the company predicts would reach 6.3 million tonnes by 2025.

LNG

- India's import of Liquefied Natural Gas (LNG) increased by 11% to 2,648 million standard cubic meters (mmscm), driven by a 7% rise in gas consumption due to higher power demand and increased use of gas-based power plants. The natural gas import bill for June also saw a 10% rise to \$1.1 billion compared to June 2023. LNG imports for the first quarter amounted to \$3.4 billion, marking a 6.2% increase from the same period in the previous fiscal year. Gas-based power generation increased by 62.5% y-o-y to 13.49 billion units in the quarter ending June, with the plant load factor (PLF) rising to 24.8% from 15.3% in Q1 in 2024. Power demand surged by 9% to about 152.38 billion units last month due to heatwaves, with a 13% increase during April-June compared to the same period in 2023.

Chemicals

- The transatlantic westbound trade was modest, although it benefited from a strong clean market. 37,000 tonne of clean petroleum products from Europe to the east coast of the United States were paid around \$175 on a global scale. In general, while trading in Clean, an MR earns between \$35,000 and \$40,000/tonne. Many of these are swing tonnage and are keeping away from chemicals due to current market circumstances. In addition to the usual carriers, numerous 19,000 and 25,000 dwt tramp boats expressed interest in the cargoes. There were other MRs operating on base cargoes of UAN or Methanol who expressed interest in augmenting with chemical parcels.



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

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