



## RLA Weekly Report – Friday, 01 March 2024

No. 79

### China's growth takes a hit as Manufacturing operations decelerate.

#### Economy

- The Chinese economy has shown signs of sluggish momentum, with the Purchasing Managers Index (PMI) for the manufacturing sector dropping by 0.1 points to 49.1 in staying below a critical mark of 50 point in February following the property market continued to decline and consumer spending remained subdued. Business confidence remained low and FDI declined sharply. The Chinese economy continued to show signs of slowing growth as factory activity decelerated. The decline in manufacturing PMI reflects the lower manufacturing activity during last month, when the industry was in a traditional lull due to the long Chinese New Year (CNY) holiday break. However, Chinese manufacturers remained confident about the market's development after the holiday, with a sentiment index of 54.2 and m-o-m increase of 0.2 points. The non-manufacturing index which covers service such as transport, catering and entertainment were above 55 points as millions travelled during lunar new year holiday.

#### Oil

- U.S. sanctions on Russia are threatening to cut Russian oil sales to India, one of the largest buyer of Russian seaborne crude, and complicate Indian state refiners' attempts to secure annual supply deals. The sanctions target Russia's leading tanker group, accused of violating the G7's price cap on Russian oil, and 14 crude oil tankers tied to that company. Indian refiners are concerned that the sanctions will create challenges in getting vessels for Russian oil and could drive up freight rates, potentially narrowing the discount for the oil. In 2023, Russia became India's top oil supplier, exporting 1.66 million b/d through term deals and spot market purchases.

#### 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
23/02/2024	293.06	247.50	172.50	66.48	5025000	66.05	111.30	184.06	342.50	103.18
26/02/2024	334.11	244.67	170.36	63.95	4793750	63.91	110.25	181.88	342.00	103.41
27/02/2024	339.72	252.50	166.43	61.65	4631250	62.73	110.25	179.94	342.00	104.73
28/02/2024	334.50	252.83	153.21	60.88	4581250	60.61	110.70	178.06	341.50	104.09
29/02/2024	321.67	248.61	150.71	60.33	4468750	59.95	109.70	178.44	342.00	103.95

Source: Baltic Exchange



## LPG

- LPG imports into South Korea decreased significantly in 2023 due to declining domestic consumption, driven by declining demand from the petrochemical industry. The country's LPG imports decreased by almost 8% to 8.2 million tonne in 2023. Propane arrivals decreased by 10% to 6.3 million tonne, while butane arrivals decreased by 2% to 1.9 million tonne. Industrial consumption decreased by 4.8% to 6.5 million tonne. The next largest sectors include Autogas which decline by 5.2% at 2.3 million tonne, followed by residential and commercial by 2% to 1.7 million tonne. South Korea has the largest auto gas market in Asia, although it has been declining since 2013, when it was more than 4 million tonne/year.

### VLGC Spot Freight Rates

\$/tonne			
Route No.	BLPG1	BLPG2	BLPG3
Description	AG-East	USG-Cont	USG-Japan
Size mt	44000	44000	44000
23/02/2024	81	64	114
26/02/2024	73	63	112
27/02/2024	60	62	110
28/02/2024	58	61	110
29/02/2024	58	62	110

Source: Baltic Exchange

## LNG

- China is projected to import 77.11 million tonnes of LNG in 2024, an increase of 8.1% y-o-y. In 2023, LNG imports in China reached 71.32 million tonnes. Projected imports in 2024 may still be below the pre-Ukraine crisis level of 78.8 million tonnes which was in 2021. New long-term contracts in China for LNG start from 2024 at approximately 11.46 million tonne/year, which is higher than 6.24 million tonne/year for long-term contracts started in 2023. In 2024, China is projected to add an all-time high 60 million tonne/year of LNG receiving capacity, increasing its overall LNG receiving capacity by 52% y.o.y to 176 million tonne/year.

### LNG Spot Freight Rates

\$/day			
Route No.	BLNG1g	BLNG2g	BLNG3g
Description	Aus-Japan	USG-Cont	USG-Japan
13/02/2024	38207	39181	39692
16/02/2024	36503	39560	40097
20/02/2024	38325	38809	39290
23/02/2024	38009	36410	39290
27/02/2024	38552	35234	39099

Source: Baltic Exchange



## Chemicals

- The US Gulf to Asia saw a significant increase in large parcels of ethanol, Methanol EDC, and MEG, with freight rates holding up or slightly increasing. 40,000 tonnes of ethanol from Mississippi River to Singapore paid \$82.50, while 20,000 tonnes of MEG from US Gulf to main ports in Asia was fixed at \$97/tonne. 5,000 tonnes of ethanol from Houston to Ulsan paid about \$120/tonnes. In the Gulf, specialty chemicals are primarily moved under contract, with few small parcels fixed as spot cargoes. However, in March, large volume parcels are in the market, with large tramp vessels participating on a full cargo basis. Charterers must also consider the cost of buying Panama Canal transit slots or deviating vessels via Cape. Backhaul trade from Asia to the US Gulf includes several big volume Benzene cargoes, with 40,000 tonne from Korea being done at \$120/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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