



RLA Weekly Report – Friday, 23 February 2024

No. 78

US Delay in LNG Project Approvals Set to Reshape Global LNG Market

Economy

- India's economy continued to strengthen in February, with growth accelerating in both manufacturing and services sectors. The Reserve Bank of India revised its economic growth forecast to 7% due to higher-than-expected growth in the first two quarters of 2024. Input prices rose at the slowest pace in three-and-a-half years. Retail inflation fell to 5.1% in December, supported by a slower rise in food prices. India's goods trade deficit narrowed by almost 12% in January as imports fell more steeply than exports. Goods exports fell marginally to \$36.92 billion in January from \$38.45 billion in December due to armed conflict in the crucial Red Sea trading route.

Oil

- The G7 and EU must cut and fully enforce Russia's oil price caps and take necessary action to prevent the expansion of the shadow fleet hauling Russian oil, a joint letter by over 280 campaign groups demanded on 21 February. The groups called for an end to the loophole that allows oils refined from Russian crude in third countries to be exported to EU and G7 countries without falling foul of Western sanctions regimes. Critics have complained that the caps are set too high to damage Russian revenues and have been widely flouted. The US has responded by blacklisting 27 ships since October for price cap breaches.

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 Ningbo	Novo to Augusta	Covenas - Corpus Christi	Baltic to UKC	Offshore Bonny to Rdam
	WS	WS	WS	WS	\$	WS	WS	WS	WS	WS
16/02/2024	278.56	246.17	186.79	79.12	6115625	93.55	128.80	191.88	345.50	113.27
19/02/2024	277.95	235.43	183.21	77.36	5906250	92.64	128.25	191.25	344.00	113.95
20/02/2024	278.39	221.44	181.43	72.64	5462500	87.82	128.05	191.25	344.00	114.45
21/02/2024	279.72	221.17	177.14	69.67	5125000	72.23	127.30	190.94	344.50	112.18
22/02/2024	281.11	229.17	173.93	68.35	5062500	67.86	115.20	187.50	343.00	109.09

Source: Baltic Exchange



LPG

- Poland's new government is not supporting the country's LPG sector to mitigate the impact of the EU's embargo on Russian imports. The ban will take full effect for Polish importers from 20 December 2024 in which one year window from December 2023 is provided to wind down ongoing import contracts and find alternative suppliers. Poland still sources around half of its LPG imports from Russia and remained the single largest buyer of Russian LPG in 2023. The new coalition government has remained unconcerned on the potential impact the ban will have on the domestic LPG market despite industry warnings that this could result in a shortfall of 500,000 – 700,000 tonne/year of LPG and an increase in prices.

VLGC Spot Freight Rates

\$/tonne	BLPG1	BLPG2	BLPG3
Route No.	AG-East	USG-Cont	USG-Japan
Description			
Size mt	44000	44000	44000
16/02/2024	54	54	101
19/02/2024	56	56	101
20/02/2024	58	58	105
21/02/2024	62	62	112
22/02/2024	64	64	114

Source: Baltic Exchange

LNG

- The US administration's decision to delay approvals for new LNG projects will have a significant impact on LNG markets post-2027 following most new projects will be delayed by at least one year or possibly two. A large build-out of new liquefaction had been anticipated in a second wave of upcoming projects. The Department of energy will conduct a review of projects seeking approval to export LNG to Europe and Asia. Leading delays in pipeline projects will create a tight LNG market with no surpluses until post-2030. This may lead to additional international projects in other countries like Qatar, Mozambique and Egypt. However, LNG may not be cheap due to being produced in less stable countries than the US. Also new US LNG export capacity may face deadline issues along with 100 million tonnes under construction facing delays.

LNG Spot Freight Rates

\$/day	BLNG1g	BLNG2g	BLNG3g
Route No.	Aus-Japan	USG-Cont	USG-Japan
Description			
06/02/2024	33597	39533	40169
09/02/2024	38980	38980	39561
13/02/2024	39181	39181	39692
16/02/2024	39560	39560	40097
20/02/2024	38809	38809	39290

Source: Baltic Exchange



Chemicals

- The chemical market became turbulent due to increasing attacks by Iran backed Houthis. Israeli owners stopped transiting via the Red Sea for safe measures a western led coalition was deployed to help protect the shipping lanes. The rate for spot cargoes loading out of the Red Sea or from AG heading west increased as space started to become more limited as more owners chose not to transit the area. Chemical sector owners prioritize safety and have suspended transiting from the Red Sea instead they have decided to divert their ships via the Cape, putting safety above all else. Westbound chemical rates escalated, while Eastbound rates remained stable. CPP rates reached all-time highs as MRs were heard fixing \$1 million for Cross AG, with owners making at least \$70,000/day. Swing tonnage MR owners are reluctant to commit to COAs to avoid missing out on lucrative opportunities.



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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