



## RLA Weekly Report – Thursday, 17 November 2023

No.68

### China ramps up efforts to attract FDI, boost consumption.

#### Economy

- Chinese state planners are setting up efforts to attract FDI and induce more private consumption among low- and middle-income groups. China has faced significant challenges in the recovery of its economy post pandemic pertaining to geopolitical tensions and a distressed housing market. To remedy the same, more robust and vigorous investment policy is being taken up by the Chinese government. The new policy is strategically planned to attract more fresh capital inflow through increased consumption. The country's economy has registered 5.2% growth in the first three quarters of 2023. Moreover, the government recently announced \$137 billion national government bond. Despite all the headwinds, the Chinese economy has remained resilient and is projected to emerge sustainable and strong being a key driver of global economic growth.
- Labour market conditions continued to ease in America with huge number of Americans filing new claims for unemployment benefits in the second week of November. The unemployment rolls expanded to levels last seen two years ago. The slowing labour market on the account of higher interest rates is estimated to help Federal Reserve fight against inflation. The moderation in consumer spending suggests successful implementation of FED's tightened monetary policy since 2022. The imported fuel and food prices fell 6.3% and 0.6% respectively by early November. The core-import prices dropped 0.2% Y-o-Y in the same period.

#### Oil and Tankers

- Plethora of New buildings contracted last week as more owners are returning to the market. There has been solid buying appetite on both the dry and the wet fronts, with the tanker side taking the lead at 18 vessels. Arcadia Shipmanagement has contracted new vessels for the first time since 2015 with its order for two suezmaxes, thought to be scrubber fitted. The deal continues the record-breaking year for the size segment, which has seen the highest number of orders placed in a year since 2015. shipbroker Banchemo Costa said that "Global One Energy placed an order for 4 x MR2 50,000 dwt at Yangzijiang Shipbuilding. The vessels will be delivered during 2026 and 2027. The price reported is \$44.5 mln per vessel.
- US-listed Nordic American Tankers has listed a string of suezmax fixtures in busier markets. The million-barrel sector has taken a battering in recent days, with rates dropping 20%, but brokers believe improvements are coming. Herbjorn Hansson-led NAT published its six most recent spot deals, without giving vessel or charterer details. The company said one tanker was fixed to an oil company for a short voyage of 10 days, at a time charter equivalent rate of about \$90,000/day. The next best rate was achieved from a "major oil trader" for a voyage of more than 30 days, at \$75,000/day. Other vessels were booked with oil companies in a range between \$40,000/day and \$65,000/day.

### Tanker Freight Rates on Key Routes

Route No.	TC6	TC2_37	TC14	TC8	TC20	TD1	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	280 kt MEG to USG	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	280000	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 LOOP	Ras Tanura to Ningbo	Novo to Augusta	Covenas Corpus Christi	Baltic to UKC	Offshore Bonny to Rdam
10/11/2023	WS 225.00	WS 200.00	WS 144.64	WS 48.57	\$ 3743750	WS 36.44	WS 67.13	WS 152.65	WS 262.5	WS 326.5	WS 105.68
13/11/2023	231.11	200.50	147.86	47.47	3681250	35.75	65.79	146.35	261.25	330	103.41
14/11/2023	268.33	200.25	179.64	46.59	3556250	35.56	67.29	143.9	249.94	333	99.32
15/11/2023	268.33	189.25	212.14	45.93	3462500	37.38	71.4	138.85	241.25	333	96.59
16/11/2023	266.67	186.50	211.43	45.60	3437500	38.25	74.04	137.9	236.25	333.6	98.86

Source: Baltic Exchange

### LPG

- Chinese PDH sector raises concerns as the Panama Canal authority proposes to cut down on daily transits, further tightening the supplies of US propane this winter. Buyers are more focussed towards freight rates after being pushed to record highs after the delays at the Canal this September. The Houston-Chiba freight rate for VLGC matched levels of \$250/tonne by September and slipped \$237/tonne by mid-November. September onwards, the freight rates rebounded to November 2022 levels.
- The VLGC rates are estimated to escalate owing to absent Neopanamax auction slots for unbooked LPG vessels. A change of route is also expected to Cape of Good Hope in southern Africa and Suez Canal in the middle east. These voyages will cause delay by 14 days & 17 days respectively. Therefore, an overall pressure in the global vessel supply will be faced followed by an upward march in the freight rates.

### VLGC Spot Freight Rates

\$/tonne	BLPG1	BLPG2	BLPG3
Route No.	AG-East	USG-Cont	USG-Japan
Description	AG-East	USG-Cont	USG-Japan
Size mt	44000	44000	44000
10/11/2023	147	134	238
13/11/2023	148	134	236
14/11/2023	148	133	235
15/11/2023	149	134	237
16/11/2023	153	135	240

Source: Baltic Exchange

## LNG

- The North American LNG export capacity is expected to increase to 24.3 bcf/d by 2027 from 11.4 bcf/d at present. The commencement of LNG export terminals in Mexico and Canada and the expansion in existing capacity in the US is considered the main driver behind the growth. The total expansion in export capacity is projected to be 1.1 bcf/d in Mexico and 2.1 bcf/d in Canada. The same for US is estimated to be 9.7 bcf/d. Developers in Mexico are currently building three LNG projects. Similarly, two LNG export projects are under construction in British Columbia on Canada's west coast. The US also plans to start its five new LNG projects currently under construction by 2024.

### LNG Spot Freight Rates

\$/day	BLNG1g	BLNG2g	BLNG3g
Route No.	Aus-Japan	USG-Cont	USG-Japan
31/10/2023	143585	155187	180585
03/11/2023	144644	162179	181632
07/11/2023	146621	162173	181647
10/11/2023	146642	160254	174540
14/11/2023	146649	153385	166846

Source: Baltic Exchange

## Chemicals

- The spot market activities to Asia were dominated by Methanol and Ethanol taking up more spot space of regular carriers and attracting few tramp vessels to go on berth. Spec issues arising in connection with imports to China have diminished Methanol and Ethanol volumes fixed from Middle East gulf. Still, the owners managed to push the rates up. However, the rate hike was not as much as on the Atlantic trade. From Houston to main ports Asia, the 5,000 tonnes developed by \$5/tonne to \$95/tonne. Smaller amounts of speciality chemicals were witnessed, however, the contract volumes remained robust. Methanol amounting 30,000 tonnes was fixed from point Lisas to China at \$85/tonne. 30,000 tonnes of Paraxylene was also fixed from Onsan to Houston, the rate for which was not reported.