



## RLA Weekly Report – Friday, 16 August 2024

No. 102

### “US CPI Slows to 2.9% YoY, Core CPI at 3.2% as Energy and Food Prices Rise”

#### Economy

- The US Consumer Price Index continued to slow, with a y-o-y increase of 2.9%, the slowest pace since March 2021. The CPI rose by 0.2% m-o-m. The core CPI, which excludes volatile food and energy prices, rose by 3.2% y-o-y, the smallest increase since April 2021. Energy prices were up by 1.1% from July 2023, and food prices increased by 2.2% from the same period. These rates were in line with economists' expectations and are paving the way for a potential rate cut in September.

#### Oil & Tanker

- Chevron's \$5.7 billion Anchor project has achieved a breakthrough by successfully pumping oil from fields at 20,000 psi, surpassing previous records. This new technology, developed by NOV, Dril-Quip, and Transocean, could unlock up to 5 billion bbls of previously inaccessible crude. The industry has advanced equipment to handle these extreme pressures safely, addressing concerns from past disasters like the 2010 Deepwater Horizon spill. The Gulf of Mexico, along with other regions like Brazil, Angola, and Nigeria, could see significant production growth with this new high-pressure technology.
- Meanwhile, VLCC rates, currently recovering from a summer dip, are projected to rise to \$50,000-\$80,000/day by December. A notable increase is anticipated driven by factors like China's restocking and refinery maintenance.

#### 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
09-08-2024	120.28	137.81	150.71	53.08	4178571	46.06	87.00	106.88	238.75	76.11
12-08-2024	123.89	125.00	150.71	52.42	4212500	46.15	86.45	104.69	239.17	74.86
13-08-2024	127.50	124.38	144.64	50.66	4256250	46.20	86.15	103.44	238.33	74.61
14-08-2024	153.33	128.75	136.79	48.13	4206250	48.30	86.30	99.38	235.83	74.78
15-08-2024	161.67	130.63	131.07	47.03	4175000	59.25	86.55	105.00	234.50	75.00



## LPG

- The Baltic LPG Index, a key indicator for VLGCs, hit a six-month low at 3,130, reflecting a significant 60.3% drop since May's peak. This decline, marked by a 0.8% weekly decrease, sees the current time-charter equivalent rate at just over \$30,100/day. Although rates for key routes are down sharply from last year's levels, there is a glimmer of hope as VLGC future market has become more optimistic compared to last year. September contracts for Middle East-to-Asia routes rose to \$55.38/tonne, with projections suggesting a peak of \$66.58/tonne by December. The Atlantic market remains stable, with rates from Houston to Europe reaching \$44,700/day.

## LNG

- US natural gas futures reached a three-week high on 13 August, climbing 1.6% to \$2.22 per million British thermal units, driven by forecasts of hotter weather and increased demand. The expected rise in CDDs to 233 over the next two weeks, compared to 228 previously estimated and the norm of 187 CDDs, is pushing demand higher. LSEG projects average gas demand in the Lower 48 states to increase from 105.7 billion bcf/d this week to 108.3 bcf/d next week. Meanwhile, gas production in August has declined to 102.7 bcf/d from July's 103.4 bcf/d. Despite high inventory levels, low storage injections are adding some bullish pressure. In contrast, Dutch and British gas prices fell as Russian gas flows to Europe remained stable.

## Chemicals

- The Potassium Silicate market saw a global price decline, notably in Europe and Asia. Weak demand from key downstream industries—ceramics, glass, and construction—especially in China, led to instability in Asia. Similarly, the European market experienced a drop due to low-cost imports and sluggish demand. Supply chain disruptions, geopolitical tensions, and port congestion in Asia worsened the situation. As a result, the price of Potassium Silicate fell by 2.8% this month. In Europe, the decline was primarily due to reduced demand from the construction sector and lower costs of imported materials.



### 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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