



RLA Weekly Report – Friday, 13 October 2023

No.64

Unforeseen developments in the Baltic Sea: 27% Increase in Dark Fleet

Economy

- U.S. consumer prices rose in September as rental costs surged, but a steady moderation in underlying inflation pressures supported financial market expectations that the Federal Reserve would not raise interest rates next month. The consumer price index increased 0.4% last month. A 0.6% jump in the cost of shelter accounted for more than half of the rise in the CPI.
- A fresh risk emerged in the form of the Israel-Palestinian conflict just as officials from 190 countries met in Marrakech for the IMF and World Bank annual meetings. The IMF on Tuesday cut its growth forecasts for China and the euro zone and said overall global growth remained low and uneven despite what it called the "remarkable strength" of the U.S. economy.

Oil and Tankers

- Tankers hauling Russian oil in the Baltic Sea have joined the dark fleet in their largest numbers since the start of the Ukraine war after crude prices breached the G7 price cap. It reported 26 instances of tankers turning off their satellite positioning systems in the area in the third quarter of 2023, an increase from the previous two quarters which only had four 4 such instances. The Windward report suggested a 27% overall increase in dark activities in the third quarter following a port call in Russia.
- The southern port of Ashkelon has been closed to tankers following Hamas' attack on Israel. Shipowners are also hesitating about calling at other terminals in the country as the violence continues. Ashkelon is Israel's biggest oil terminal. Haifa, which takes in 20% of crude imports and is only 10km from the border with the Gaza Strip, from where Hamas launched rockets in a surprise attack on Saturday.

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
06/10/2023	WS 147.78	WS 182.75	WS 140.00	WS 52.31	\$ 3900000	WS 22.75	WS 36.46	WS 72.85	WS 110.63	WS 275.50	WS 74.55
09/10/2023	146.67	180.00	137.08	52.53	3943750	22.75	37.21	73.10	110.94	283.50	74.32
10/10/2023	165.28	171.00	122.92	52.64	3962500	25.17	44.33	73.23	118.44	287.50	73.27
11/10/2023	296.67	161.50	125.00	55.11	4012500	27.17	49.75	74.35	145.00	288.00	78.41
12/10/2023	258.33	159.50	125.00	55.60	4075000	29.00	53.04	89.35	189.69	290.00	109.32

Source: Baltic Exchange

LPG

- In September, there was a significant decrease in the prices of sizeable propane shipments to Amsterdam-Rotterdam-Antwerp (ARA), primarily influenced by robust imports from the United States occurring at the same time as subdued demand within the local petrochemical industry. Notably, there was a 23% y-on-y increase in Atlantic arrivals in September, amounting to 552,000 tonnes, which led to a shift in the region's netback prices, moving them into a slightly positive range versus -\$5/tonne seen in August. On the demand side, both the residential heating and petrochemical sectors, which are the principal consumers of propane, did not contribute significantly to support the market during this period.
- Chinese petrochemical buyers are paying premiums worth \$6-8/tonnes for 46,000 tonnes of propane cargoes with deliveries in November. This move corresponds to the operating rates at Chinese PDH plants surging by 80% as of early October due to more plants restarting by the year end. Wholesale LPG prices in China dropped on the account of abundant supplies from refineries and import terminals. The demand, however, fell as the consumers shifted towards natural gas.

VLGC Spot Freight Rates

\$/tonne	BLPG1	BLPG2	BLPG3
Route No.	AG-East	USG-Cont	USG-Japan
Description	44000	44000	44000
Size mt			
06/10/2023	120	122	225
09/10/2023	126	129	227
10/10/2023	132	127	221
11/10/2023	131	125	218
12/10/2023	117	120	213

Source: Baltic Exchange

LNG

- LNG carrier rates have experienced a sharp decrease since the fourth quarter of 2022 when they were at a peak of \$500,000/day. As we approach mid-October, European gas storage facilities have already been filled to their required levels. Currently, the established rates for LNG carriers are \$200,000/day for the Atlantic basin and \$215,000/day for the Pacific. The present environment for LNG carriers remains unstable as it reacts to various market concerns, including the intermittent strike threats at Australian liquefaction projects, a recent leak on the Baltic interconnector pipeline over the weekend, Chinese PDH projects, and issues associated with other production factors.



LNG Spot Freight Rates

\$/day Route No. Description	BLNG1g Aus-Japan	BLNG2g USG-Cont	BLNG3g USG-Japan
26/09/2023	191473	191882	222162
29/09/2023	186069	170509	195791
03/10/2023	168416	150657	171988
06/10/2023	163608	140635	170035
10/10/2023	143717	135697	164100

Source: Baltic Exchange

Chemicals

- In September, the chemical tanker market operating along the Transatlantic east route demonstrated a consistent performance, maintaining stable rates with minor increases. Spot freight rates for easy chemicals, typically in parcels of 3000 tonnes, experienced a 9.1% upturn compared to the previous month, reaching \$120/tonne, while the rates for specialty chemicals, with parcel sizes of 1000 tonnes, remained steady at \$150/tonne.
- Contract volumes were robust, and the spot market predominantly saw substantial quantities of MEG and EDC shipments. These cargo volumes served as a foundation for tramp vessels preparing to dock, and even though these vessels had extra space available for additional cargo, it did not impact the rates. This trend is likely to persist, given that most of the available space for October is already reserved.