



Market Comments

The LPG Product Market

Unusually volatile oil and naphtha prices in December created challenging conditions for LPG traders with daily crude price swings of up to 10%. Propane prices in NWE tumbled along with crude to the lowest levels seen in 18 months before recovering as post-Christmas trade boosted prices back to levels seen late in November. A price structure in backwardation has made trading of spot cargoes out of the US challenging, but nevertheless LPG exports remained strong with 2.9 million tons exported in November while December totals should exceed 3 million tons. US domestic demand has been relatively strong due to winter demand and inventory levels in the US have continued to draw and stood at 70,653 mn bl as of December 28, still 2,68 mn bl above year earlier levels. Stocks should continue to draw further seasonally as we approach the peak in domestic winter demand. US production levels reached a new all-time high with EIA reporting 2.145 mbd for the week ending December 28th. LPG production is expected to show a strong expansion in 2019, yet we have some concerns that the ramp-up will be slower than some have hoped for.

The Saudi CP for January was set at US\$ 430 mark for propane and US\$ 420 for butane, down 15 US\$ and up US\$ 5 respectively from December.

The LPG Shipping Market

The Baltic Index ended the year at US\$ 35.786 pmt with a time charter equivalent of US\$ 677,944 pcm. This is above the average for 2018 which was US\$ 34,945 pmt and equivalent to US\$ 524,865 pcm.

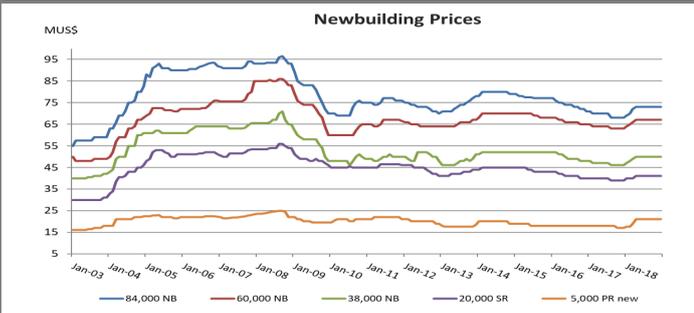
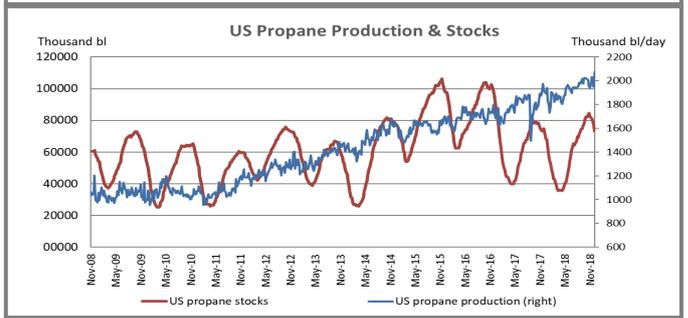
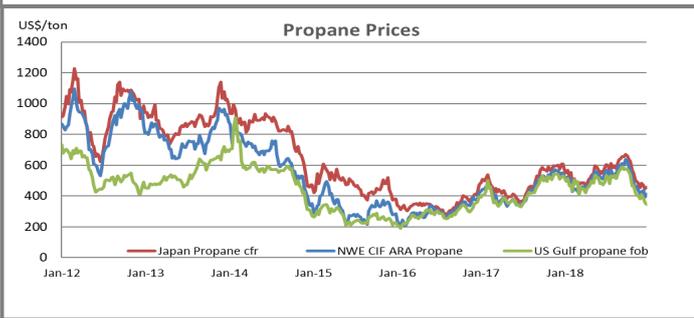
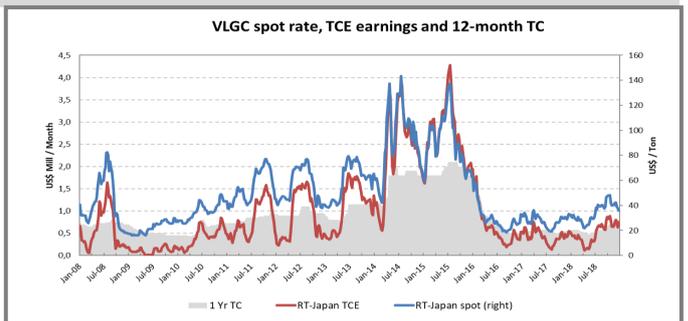
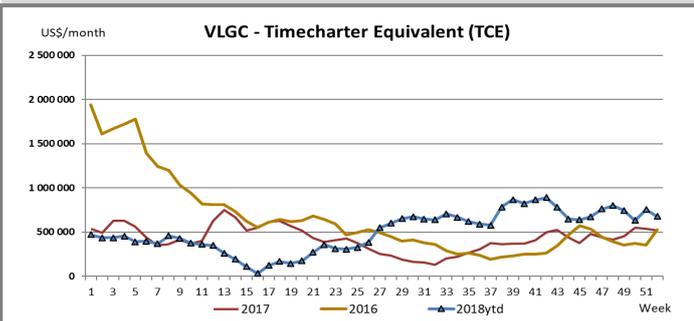
Activity in the East in the last week of the year was relatively steady but West of Suez was very quiet due to the closed arbitrage with idle time building as the number of prompt vessels increased. With the fall in oil prices, bunker prices have also continued to fall which has improved the earnings picture for owners somewhat.

The Handy and Midsize segment saw increased activity particularly for the latter with several vessels fixed for 30 day time charter.

Coasters still see steady employment on COA although the spot market was less active as the year came to an end. Petrochemicals has seen healthy enquiry with ethylene exports continuing from the Middle East and propylene and C4 activity strong.

Tianjin Southwest Maritime ordered 1 opt. 1 86,000cbm VLGC at Jiangnan delivery for Q3 2021. It is the latest Jiangnan design with dual fuel at a price of US\$ 75 million.

Graphs



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