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Outlook for China growth as we approach Q2?

The data has not been stellar yet and China has even itself now said it will struggle to make 5% GDP growth this year. The expectation by a lot of the analysts that China would have 5.5 to 6% GDP growth this year, focused on the second half of the year, created concentrated risk in the market with every trader turning bullish, bullish, bullish on China and as if nothing else mattered. People forget that back in 2019, China's economy was already in a slowdown. The change in their economy from being export driven to domestic demand driven has not been easy for them to develop.

How have freight rates been impacted by global GDP expectations?

The lack of Chinese growth means container freight is in the doldrums. It is \$900 to move a box across the Atlantic and across the Pacific. That doesn't make any money for container companies. Actual port calls in the US year to date, are down 50% for container ships versus where they were last year. That tells you there's no consumer demand, which means there's no demand pull from Chinese industry. Oil demand in the West is not doing so well either. Gasoline demand in the US is probably down about 500,000 barrels a day from where it was pre-pandemic. So, those predictions for 102mn b/d of global demand are not going to happen.

How disruptive have new energy flows been to tanker markets?

Rates remain very supportive in the front. Even with India and China buying a fair amount of Russian crude, they still need lighter crudes to blend with it to make it more suitable for their crude units. They're still buying cargoes from West Africa and US Gulf Coast on very long hauls. And in Europe for March, we saw one of the largest imports of US crude of about 1.8 million b/d. European demand for crude and products hasn't changed but the complete change on the logistics of supply into Europe reroutes the entire tanker market so that things are moving on a much longer haul just to maintain the same supply flow. Russia is long product and long crude, and it has found other markets for its oil. And some its previous customers continue to buy - Saudi Arabia has always been a big buyer of Russian fuel oil for its utility needs and it will buy again in the second quarter ahead of the summer burn. ■

**Paraphrased Comments*

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