Special Report
December 2023

VORTEXA

Special Report

Up to 8.2 mbd of oil flows at stake in Bab el-Mandeb/Red Sea

Key Takeaway

Red Sea/Bab el Mandeb transit overview – 8.2mbd of oil and products at stake, but only minor volumes likely to be rerouted

- ➔ No confirmed diversions for now, but operators reluctant to transit via the Red Sea

The biggest single Bab el Mandeb transit flow is Russian oil to the East, but the most relevant one is middle distillates to Europe

- ➔ Europe is increasingly reliant on middle distillates via the Red Sea, with LR tankers in the spotlight if disruptions persist

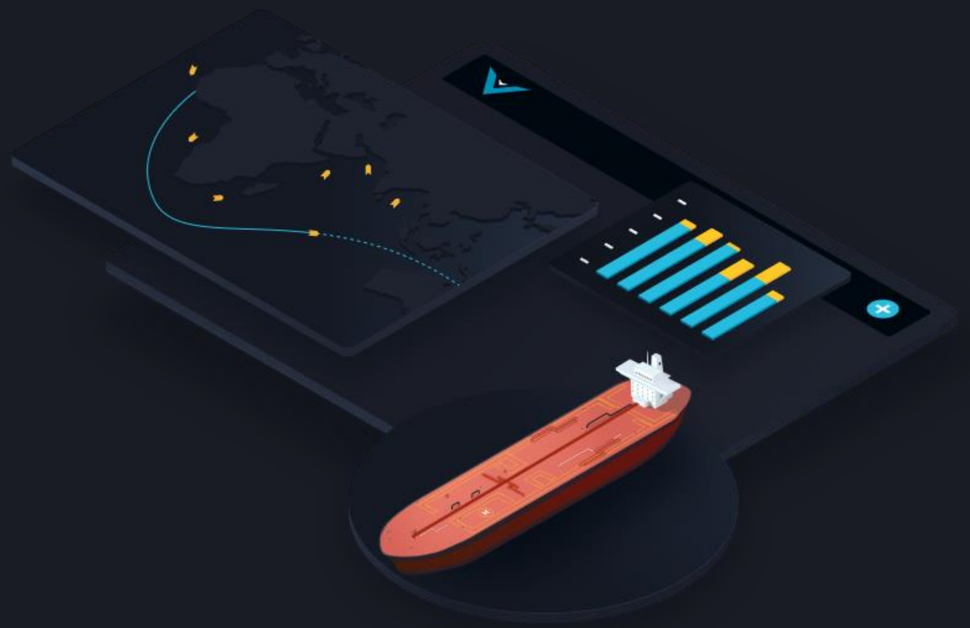
Red Sea stemming volumes go largely East via Bab el Mandeb – some of that could be rerouted (e.g. Saudi crude or diesel)

- ➔ Flows ending up in Red Sea ports enter via Bab el Mandeb, including sizable intra-Saudi flows

Unlike West of Suez, Red Sea shipping risks currently concentrated across only a few East of Suez nations

MEG-MED voyages will see the greatest change in voyage durations

About 4% each of global LNG recently pass through Bab el Mandeb north and southbound, but volumes could be swapped



Red Sea/Bab el Mandeb transit overview – 8.2mbd of oil and products at stake, but only minor volumes likely to be rerouted

8.2mbd of oil and oil products transited this year on average the Red Sea via the Bab el Mandeb

- ➔ This include 2.9mbd north and 3.9mbd southbound transit volumes, as well as Red Sea import and export volumes of each 0.7mbd (incl. intra-Saudi transit)
- ➔ 72% or 2.8mbd of southbound transit are of Russian origin
- ➔ 3.8 crude, 1 diesel, 0.9 FO, 0.5 jet/kero & naphtha (all mbd)

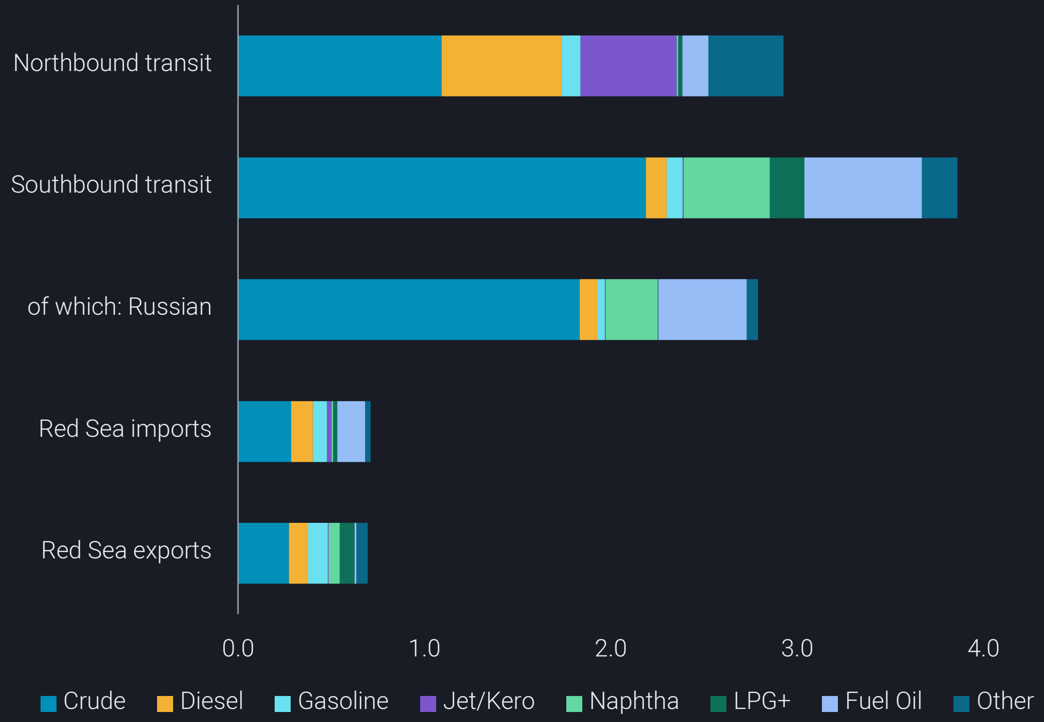
Russian transit volumes as well as certain intra-regional volumes are likely to continue irrespective of the increased risk profile

Some flows may be adjusted to reduce Bab el Mandab passage, including rerouting Red Sea southbound crude and diesel exports as well as some southbound transit volumes (European crude, diesel), as well as by higher Saudi exports from Yanbu

The most vulnerable market is Europe's 1.1bmd of diesel and jet/kero imports, with no netting out options for jet/kero

Southbound transit over the last 4 months included 180kbd of US LPG (mostly India), adding to logistical troubles around the Panama Canal

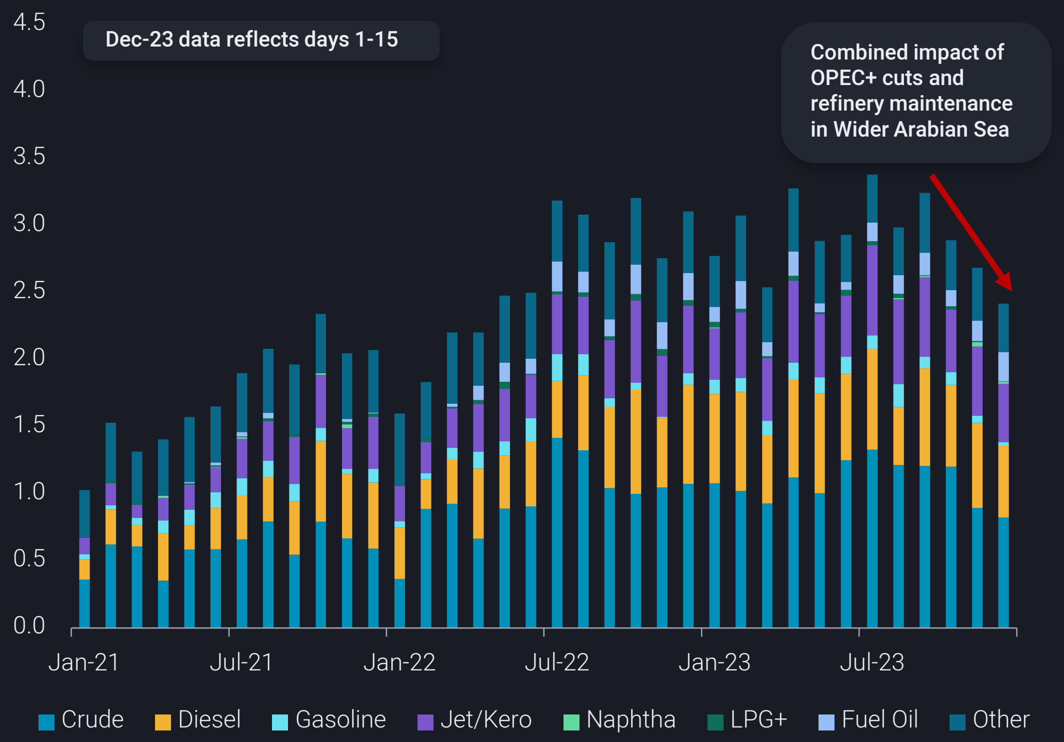
Overview Red Sea/Bab el Mandeb oil transit volumes (mbd, 2023 average)



See upcoming slides for links and details

The biggest single Bab el Mandeb transit flow is Russian oil to the East, but the most relevant one is middle distillates to Europe

Northbound (East-to-West) Red Sea oil transit volumes by product (mbd, dated as of arrival)



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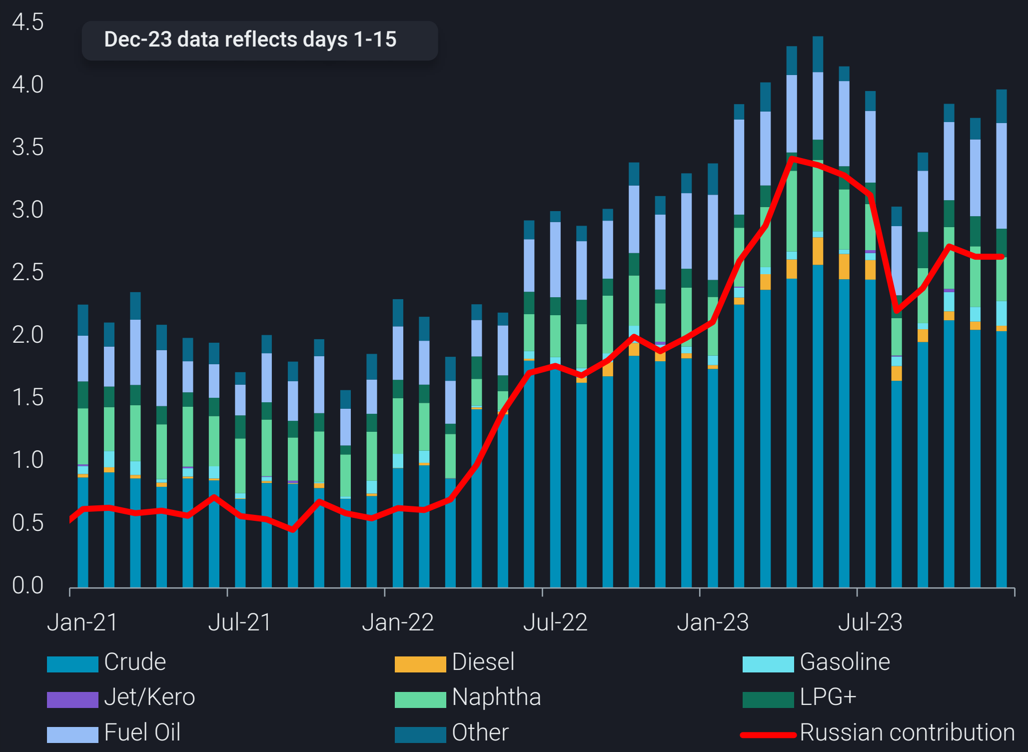
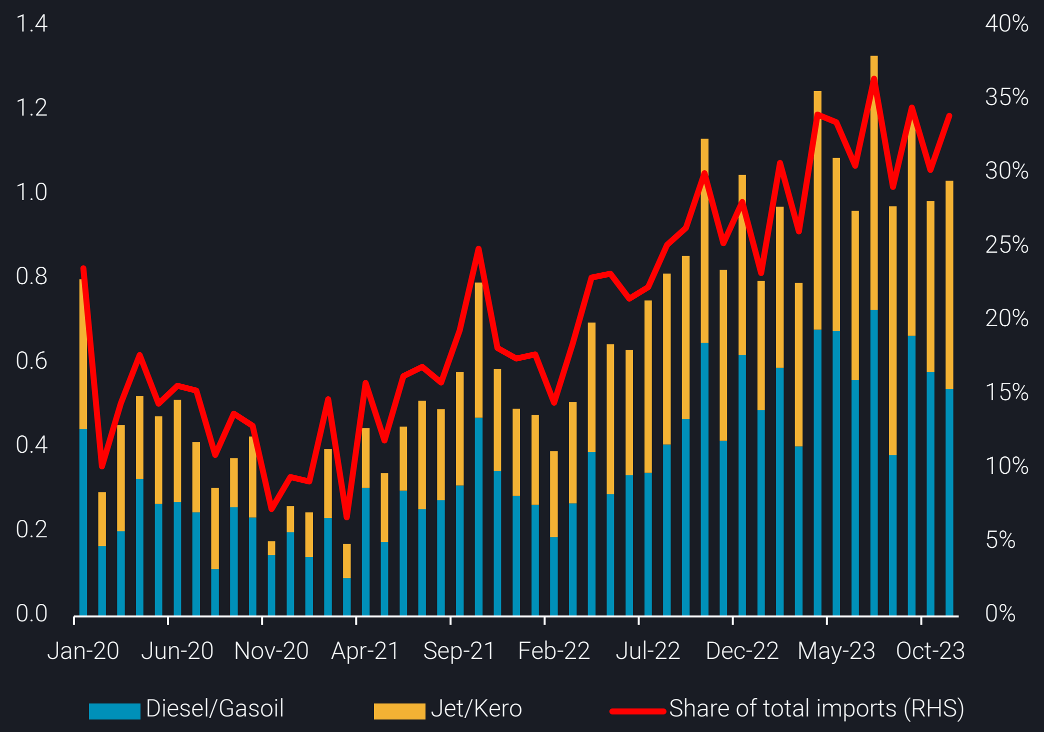
Southbound (West-to-East) Red Sea oil transit volumes by product & Russian contribution (mbd, dated as of arrival)



Get live data (total, Russian volumes)

Europe is increasingly reliant on middle distillates inflows via the Red Sea, with LR tankers in the spotlight if disruptions persist

European middle distillates via Bab el Mandeb (LHS, mbd) vs share of total European middle distillate imports (RHS, %)



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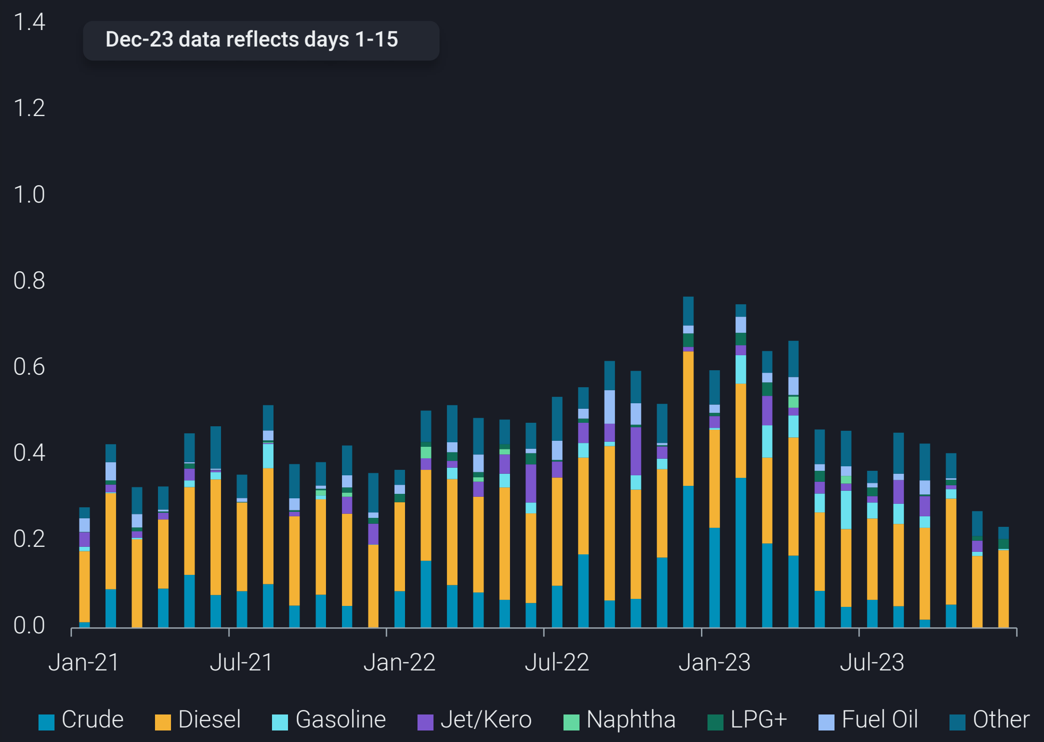
Freight rates for LR1 (TC8) and LR2 (TC20) tankers from Middle East to Europe ($/t)

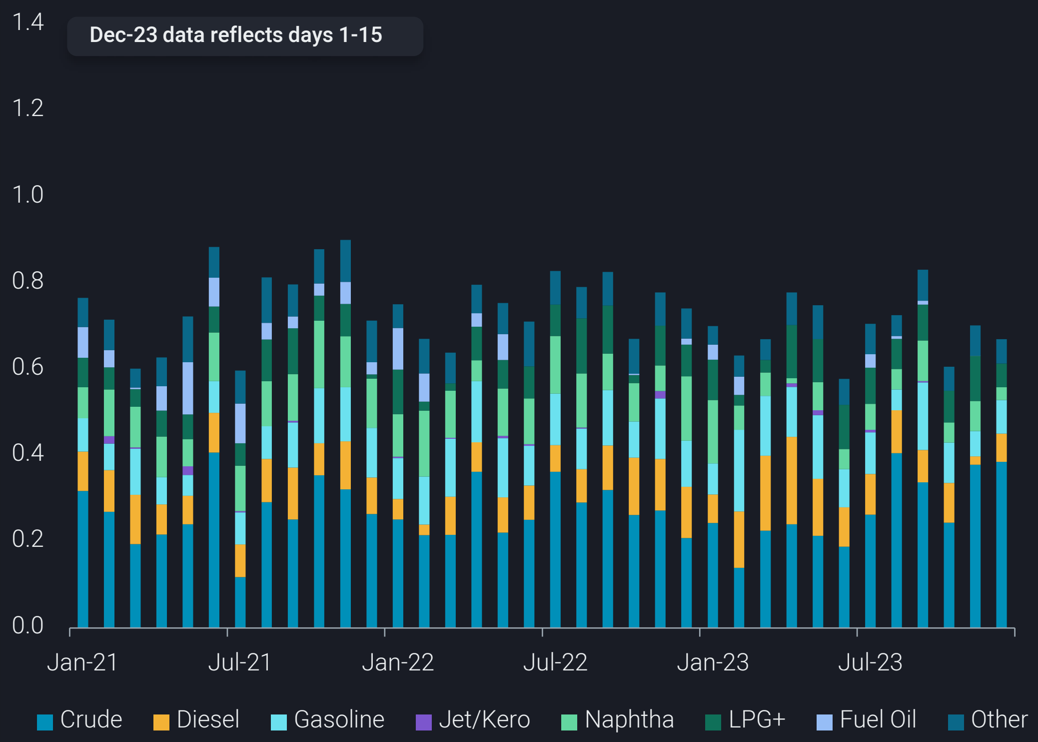
Get live data on platform (TC8, TC20)

Red Sea stemming volumes go largely East via Bab el Mandeb – some of that could be rerouted (e.g. Saudi crude or diesel)

Oil exports from the Red Sea via the Suez Canal (northern end) by product (mbd)



Oil exports from the Red Sea via Bab el Mandeb (southern end) by product (mbd)



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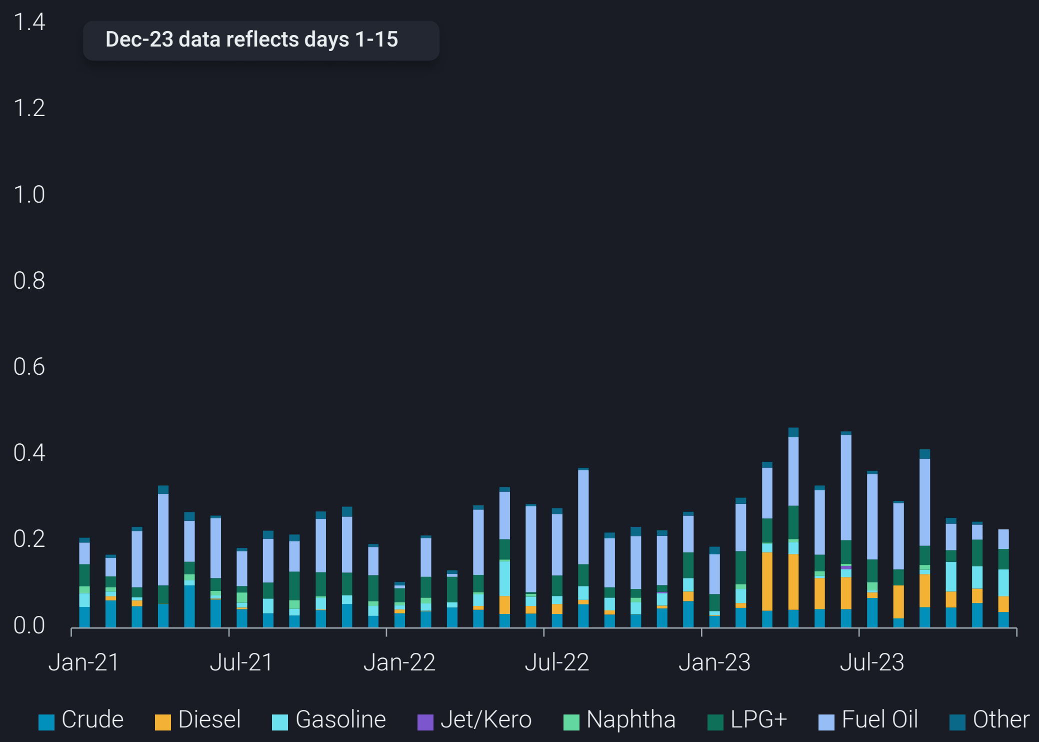
The majority of flows ending up in Red Sea ports enter via Bab el Mandeb, including sizable intra-Saudi flows

Oil inflows into Red Sea ports via northern entry (Suez Canal) by product (kbd)



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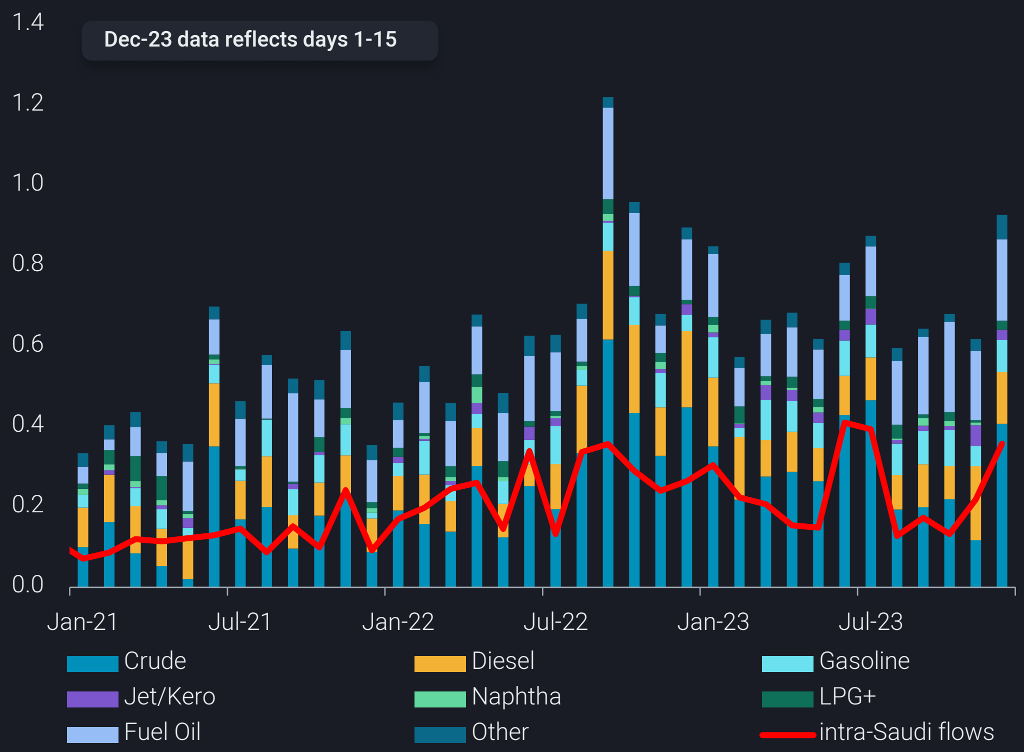
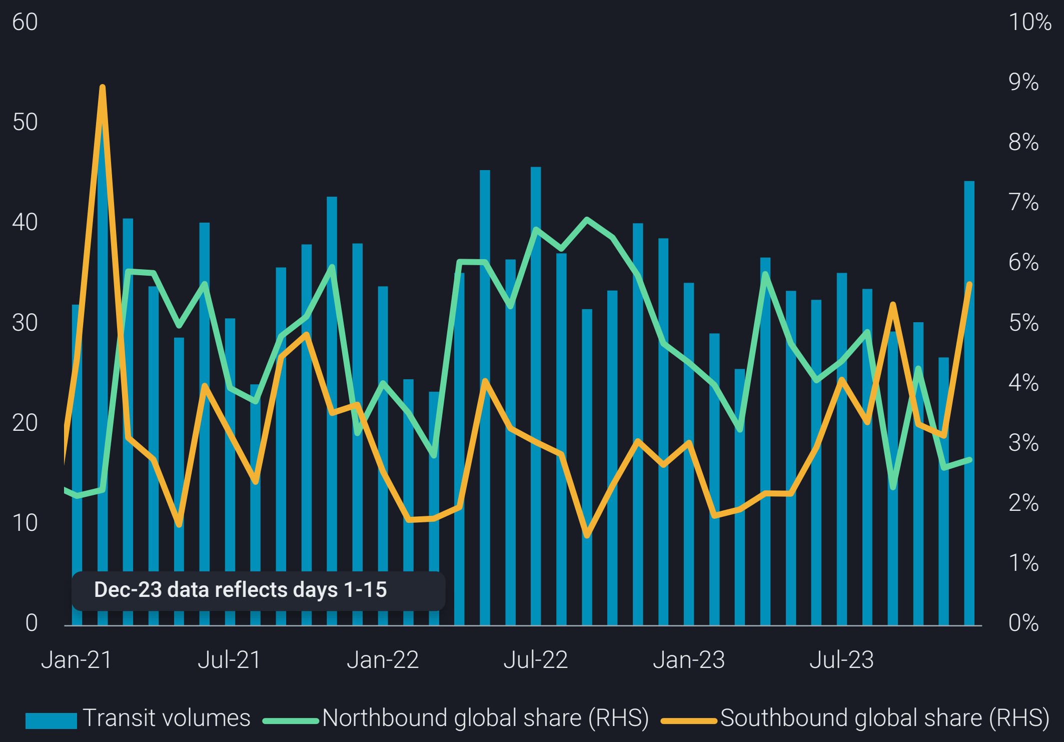
Oil inflows into Red Sea ports via southern entry (Bab el Mandeb) by product & intra-Saudi flows (kbd)



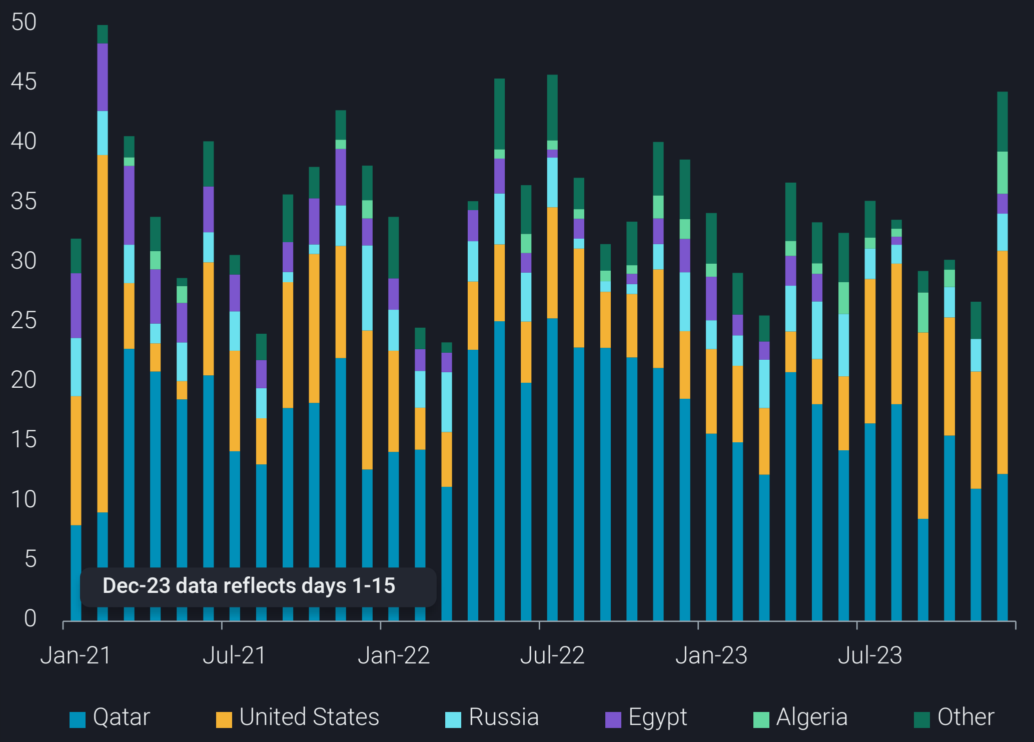
Get live data (total, intra-Saudi flows)

About 4% of global LNG recently passed through Bab el Mandeb north and southbound, but volumes could be swapped

LNG transit volumes through Bab el Mandeb (mtpa, LHS) & share of north- and southbound flows in global flows (%, RHS)



LNG transit volumes through Bab el Mandeb by origin country (mtpa)



Get live data (transit, northbound, southbound)

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Unlike West of Suez, Red Sea shipping risks currently concentrated across only a few East of Suez nations

West of Suez oil imports via Red Sea, split by arrival country (LHS, mbd) vs share of total arrivals West of Suez via Red Sea (RHS, %)

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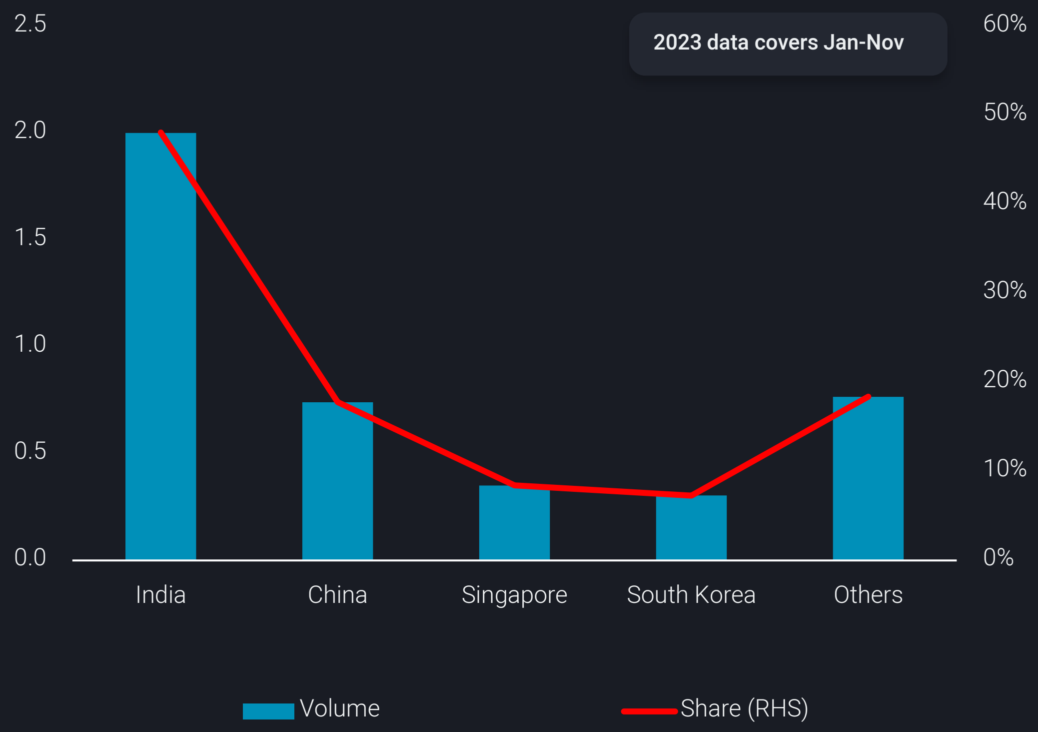
East of Suez oil imports via Red Sea, split by arrival country (LHS, mbd) vs share of total arrivals East of Suez via Red Sea (RHS, %)



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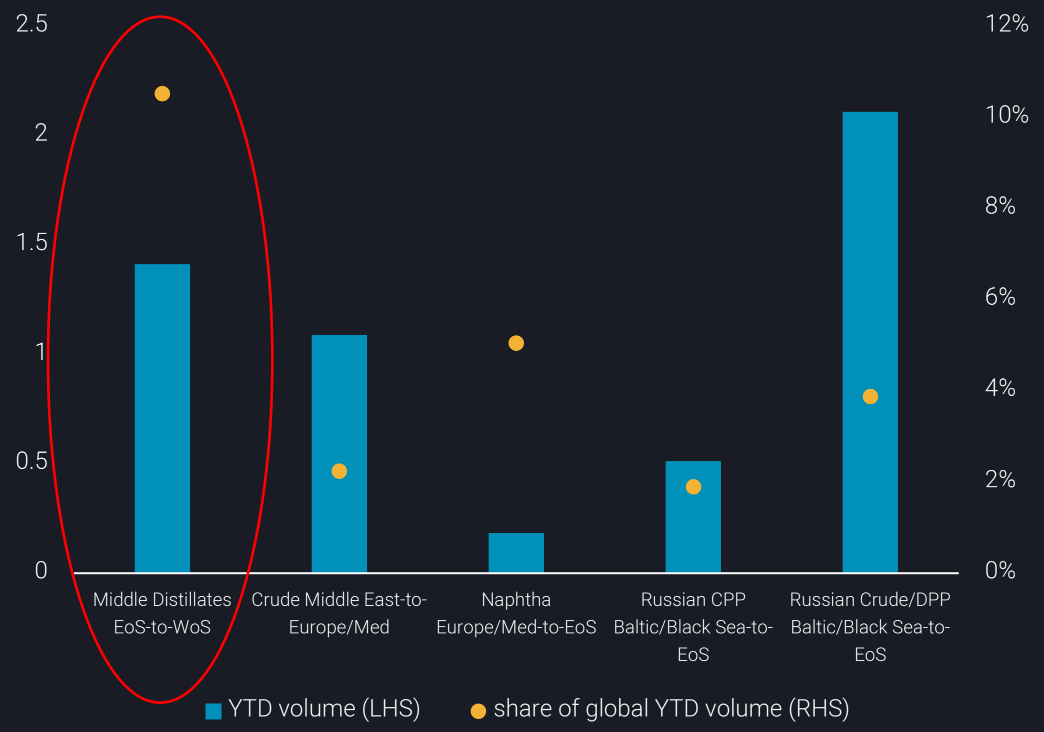
MEG-MED crude flows will see the greatest change in durations, but East-West middle distillate flows account for greatest share

YTD arrivals via the Red Sea of selected products per route (mbd, LHS) vs selected route's share of global YTD volume per product (%, RHS)



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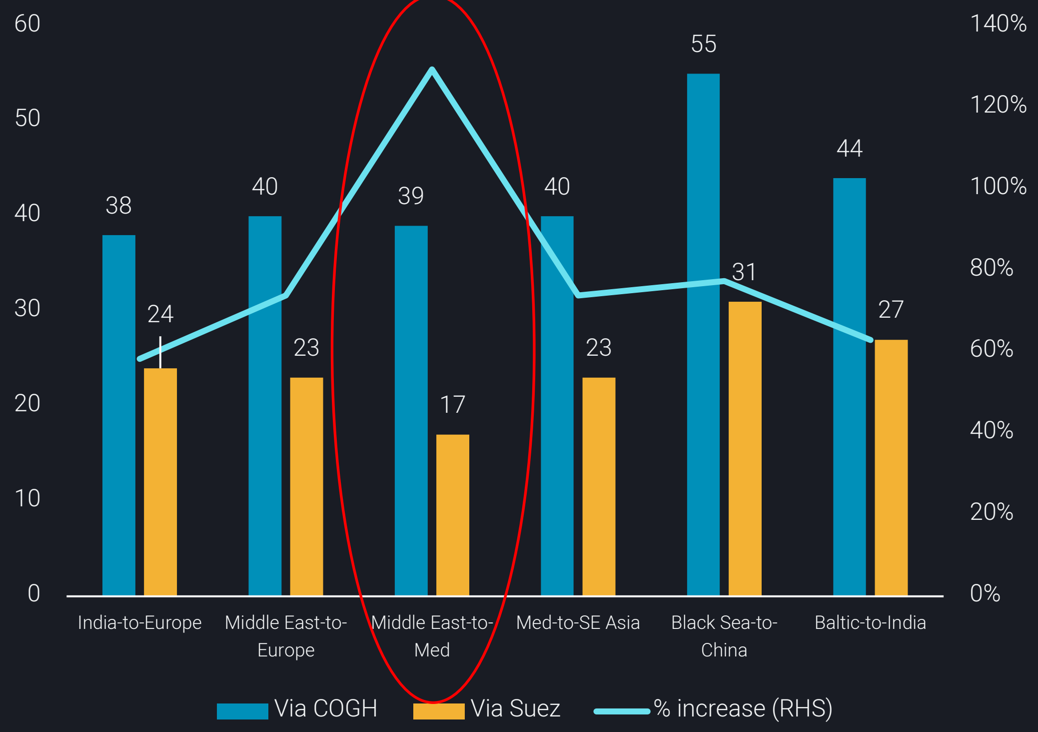
Voyage durations via COGH and via Suez (LHS, no. of days) vs. % increase (RHS) for most affected oil routes



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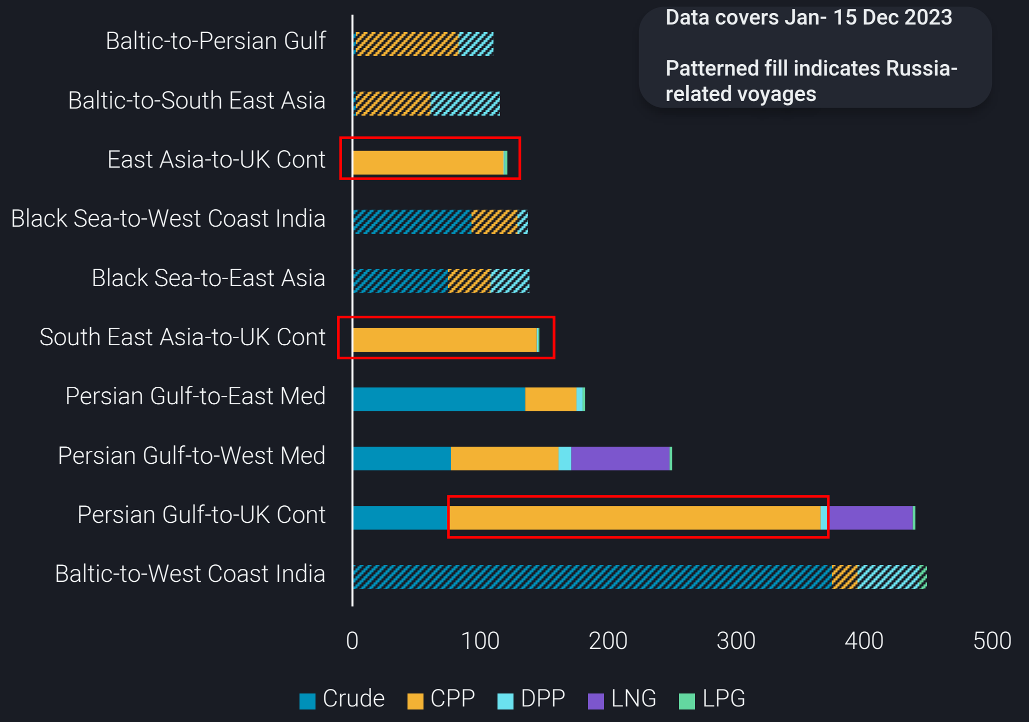
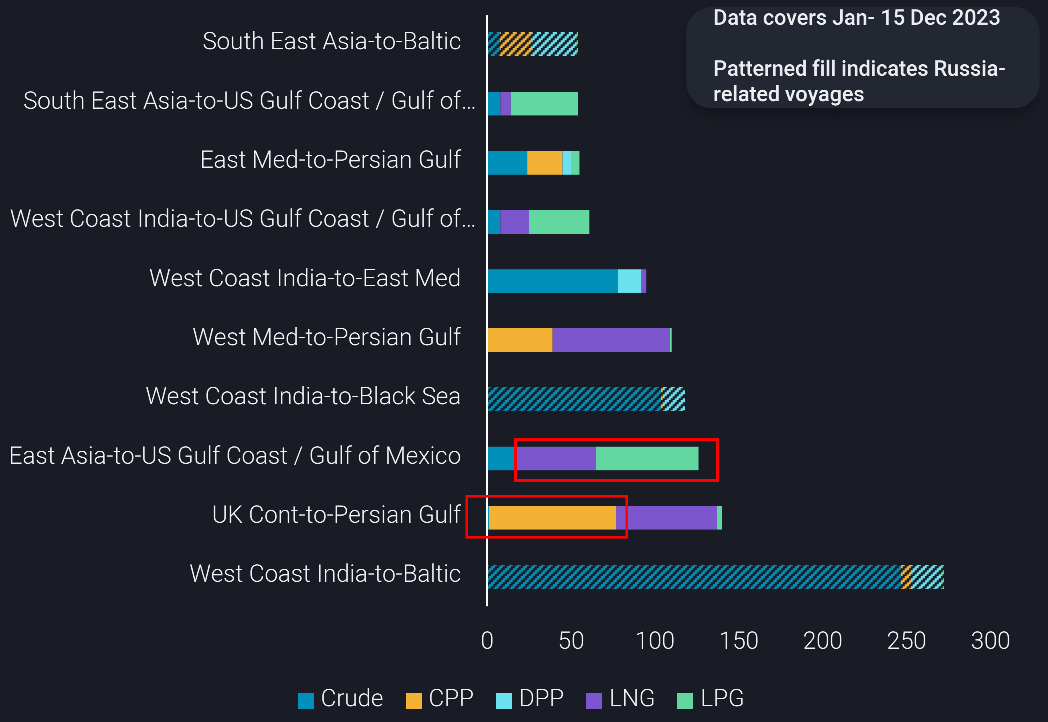
Russian-related voyages dominate, question marks arise on backhaul LRs and gas carriers due to Panama restrictions

Top 10 laden routes transiting via the Red Sea split by product carried (no. of voyages)



Top 10 ballast routes transiting via the Red Sea split by latest product carried (no. of voyages)



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As Red Sea attacks resume, operators becoming more reluctant on transiting via the Bab el Mandeb strait

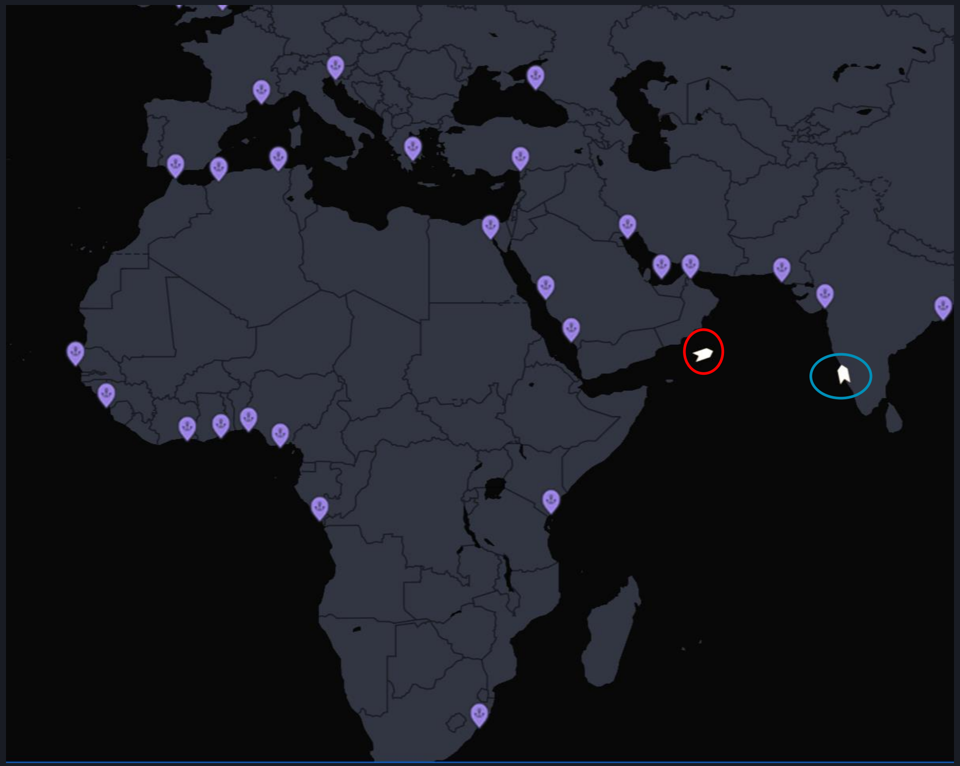
Operators/cargo owners originating from a country of Western interests are more reluctant of transiting via the Red Sea, with the most recent example of BP declaring a pause of transits via the region

For the time being we have not recorded any confirmed diversions or re-routings, however we do see an altering behaviour on operated tankers:

- ➔ A tanker was heading toward Bab el Mandeb strait, however currently headed Eastwards, currently signalling FOR ORDER (red circle)
- ➔ Tankers are also masking their position by pinging on other locations, as additional security when entering the Yemen coastline (blue circle)

Freight rates for the impacted routes have picked up, but the this has not been reflected on the overall market, pointing that there is not en masse re-routing taking place at the moment

Map screen of selected vessels bound to head from East to West of Suez (as of 19 December 2023)



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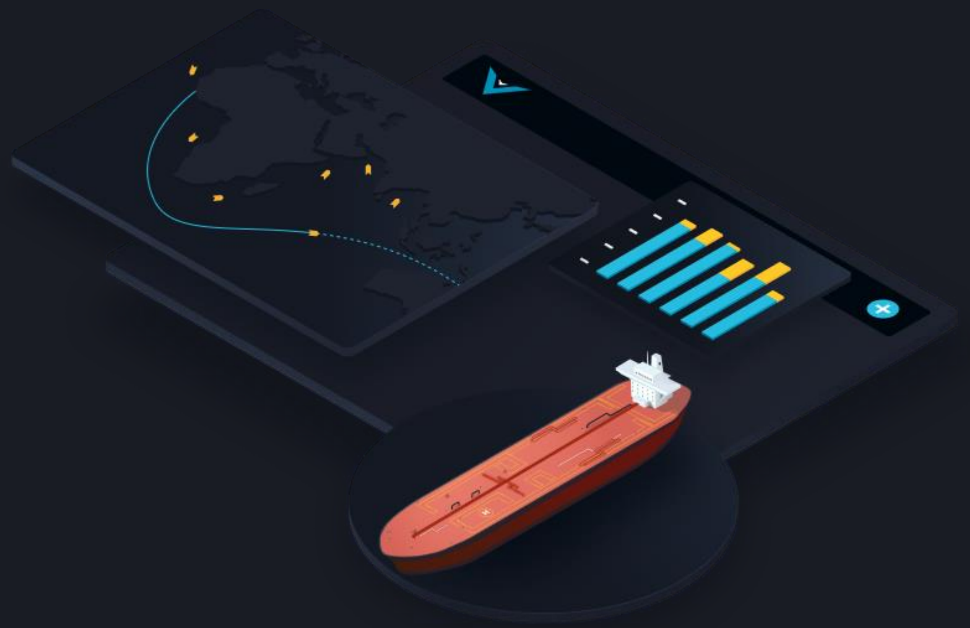

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