

LNG carriers divert from Suez Canal for longer routes amid Red Sea attacks



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Commodity [LNG](#), [Shipping](#)

HIGHLIGHTS

At least three LNG cargoes diverted

Limited risk seen for global LNG market

8% of global LNG passed through Suez in 2023

At least three LNG carriers looking to transit the Suez Canal have diverted to longer routes as attacks by Houthi rebels in the region pushed a change in transit flows, including a tanker carrying a shipment from the Freeport LNG terminal in Texas, according to S&P Global [Commodities at Sea](#) data.

Attacks by the Iran-backed Houthi militants on ships passing through the Bab al-Mandab Strait and the Red Sea have surged recently, adding security risks to ships passing through the Suez Canal.

The risk of disruptions at the Suez Canal for the global LNG market was relatively limited because of ample supply availability, according to analysts. Disruptions could provide added incentive for US LNG cargoes to remain in the Atlantic Basin at a time when most US volumes are already flowing to Europe.

Navigation through the Suez Canal is flowing as normal and the Suez Canal Authority is watching the ongoing tensions in the Red Sea and assessing the impact on shipping, the SCA said in a Dec. 17 statement.

The Celsius Copenhagen, chartered by Gunvor, departed the Freeport LNG export terminal in Texas on Nov. 25 and crossed the Suez Canal southbound on Dec. 13, according to CAS data. However, the carrier only made it as far south as Jubayt, Sudan, before turning around on Dec. 15 to avoid the Bab al-Mandab Strait. The Celsius Copenhagen was floating south of the canal Dec. 18 as it awaited passage.

Gunvor did not respond to requests for comment Dec. 18.

Other Celsius ships are choosing to avoid the Strait, with the Celsius Charlotte diverting on Dec. 18 in the Arabian Sea. The unladen carrier departed the Yun-An LNG Terminal in Taiwan on Dec. 6, and was listed as for orders Dec. 18.

Additionally, the Celsius Geneva also diverted its route to avoid the Red Sea, instead heading towards the Cape of Good Hope on Dec. 15.

Atlantic LNG prices rose significantly Dec. 18, regaining much of the ground lost during the prior week following news that some LNG carriers would not be transiting via the Red Sea due to the security concerns.

BP, whose fleet contains a handful of LNG tankers, on Dec. 18 said it had suspended tankers passing through the Red Sea in response to the deteriorating security situation.

The Platts DES Northwest Europe Marker for February assessed at \$10.57/MMBtu Dec. 18, the highest prompt-month NWE has been since Dec. 11 when it was assessed at \$10.715/MMBtu. This comes after the marker fell close to a dollar during the previous week to reach an over three-month low on Dec. 15, when Platts, part of S&P Global Commodity Insights, assessed it at \$9.763/MMBtu.

The US market saw a similar trend, with the Platts Gulf Coast Marker for US FOB cargoes loading 30-60 days forward was assessed at \$8.97/MMBtu Dec. 18, up 76 cents/MMBtu on the day.

LNG transit

About 8% of global LNG shipments have passed through the Suez Canal in 2023, according to S&P Global analysts. Of that, only about half has flowed east through the canal from the Atlantic Basin. The most active users of the waterway among LNG suppliers is Qatar, with the US representing less than 30%.

"It's not a big concern for US volumes," said Andres Rojas, associate director for LNG at S&P Global. "It's more of a concern for Qatari volumes getting to Europe."

Goldman Sachs analysts told clients early Dec. 18 that disrupted LNG flows through the Suez Canal would have only limited impact on global LNG markets because it would not significantly reduce global LNG supply, although it would suggest higher shipping costs for specific routes such as exports from Qatar to Europe. The impact could be moderated by increased exports of Qatari cargoes to the Pacific Basin while the US and other Atlantic Basin exporters increase sales to Europe.

Panama Canal

Ongoing constraints at the Panama Canal due to drought have already been encouraging US supply to flow largely to Europe, while forcing some US LNG exporters to choose longer routes like the Suez Canal and the Cape of Good Hope to reach the Pacific market.

Many US cargoes destined for the Northeast Asian market have already opted for the Cape of Good Hope over the Suez Canal, Rojas said.

Laden LNG carriers travelling southbound via the Panama Canal totaled four thus far in December, compared with six during the same period in 2022, according to S&P Global data. Looking at November, 11 carriers traveled the same route in 2023, compared with 15 in 2022.

At the Suez Canal, 17 laden LNG carriers have transited southbound so far this December, compared to just eight during the same period in 2022, the data showed.

The Panama Canal Authority set to further restrict flows through Panama in the new year, additional bottlenecks globally could have a compounded effect on global LNG prices.