RVB Tank Storage Solutions

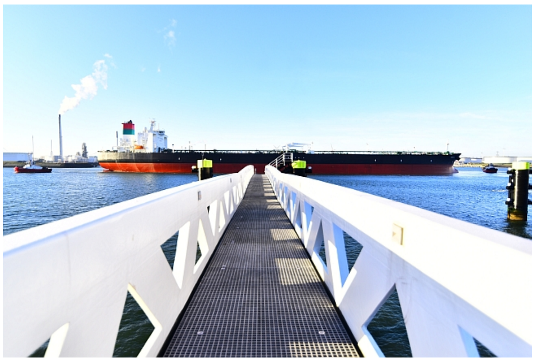
Market Report week 23

Tank storage opportunities & updates

Oil market
Oil prices are cooling off after hitting their highest level since late 2014. Despite fears over a potential loss of some of Iran's oil exports and the collapsing Venezuelan production, Brent is now trading just 75 USD on fears that OPEC will boost production. Rumor has it that the United States has quietly asked Saudi Arabia and other OPEC nations to raise oil production by 1MM bbl. Also, funds are unwinding their positions, exacerbating the move down. The WTI/Brent spread has widened again: The discount is now at 10 USD on pipeline capacity constraints in combination with soaring US shale production.

The crude curve is coming off as well, Brent expired in contango last month but is now showing some resilience on the new front spread, WTI Jul/Aug is now gradually moving lower again as well and is now shy of being flat with probably more room to the downside.
Fuel oil is strong, Jun-Dec is above 25 USD backwardation. **Physical flows are lower and exports from ARA to Singapore are lower as well.**
Distillates are still strong, inventories keep dropping both here and in the US but the curve is cooling off as demand will gradually start to weaken and supplies are picking up. Jun/Dec has moved lower from 12 USD to 4 USD backwardation in a week on a less tight outlook.
The Gasoline driving season is starting off on a weak note and inventories in the US continue to build. The curve is cooling off and the back-end has weakened quite a bit too.

Ethanol & Biodiesel
Lately we see a lot of activity in Ethanol and Biodiesel requests. We are gradually moving to 2020 where new regulations will come in play for the European Union, not just on the fuel oil (IMO2020) side but also for diesel and gasoline side. **B10 and E10 are names that are becoming more relevant** - B10 is a diesel grade which contains 10% biodiesel and E10 a gasoline grade with 10% fuel grade ethanol. As from 2020 the automotive industry in the European Union is obliged to use these types of grades at a minimum. A direct impact on the storage industry is already seen as regular distillate tanks are used for Biodiesel and even now and then **in some parts of Europe the more sophisticated Class 1 tanks are being used for Biodiesel,** which is in higher demand than gasoline storage and therefore higher storage fees are concluded than with gasoline contracts, which is a win for the storage operator. The storage fees for biodiesel vary a lot from the larger longer-term contracts which are in the range of distillates but for smaller, multimodal, heated tanks **the prices can go up to chemical-like storage rates.** For Ethanol storage the demand is not as high as for Biodiesel but we see an incline and notice that terminals who are not usually focused on storing Ethanol are considering converting their Class 1 tanks capable for storing fuel grade Ethanol. All in all, it looks like that changing regulations have a larger impact on the demand and prices for storage tanks than declining overall demand.



The bunker market sees some players in big distress. With the upcoming changes of specifications and rising prices the strategy of some players turned out to be the wrong one. The competition has been intense. No official announcements have been made and this player has not many tanks rented which saves the terminal industry another OW Bunker disaster.

The shipping industry will this year scrap the largest number of oil tankers in over half-a-decade, driven by weak earnings, firm prices for scrap steel and the need to prepare fleets for strict new environmental regulations. The steep rise in bunker prices plus the rise in interest rates, make it hard for the ship owners to make money. The contract rates don't cover such rises immediately.

Chemical Market
The chemical market with more than 900 capital projects worth usd 241 billion are in the planning and engineering phase and could come online over the next couple of years. What does that mean for the supply chain? Will the terminal market be ready for the additional export volume? Higher rates and expansion projects can be expected.

Terminals for sale
In Rotterdam two terminals are busy with their selling process. Odfjell Terminal Rotterdam and Gunvor (as Stargate) are selling their tanks. Interesting to see that potential buyers are making a choice to go after one or the other terminal as bidding for both terminals consumes too much time and money. In July we expect to hear who placed the winning offers.

Green- and brown field projects
In Europe we have been approached by several (new) terminal operators to market their green or brown field projects. Long term contract partners or even investors are looking to start building and/or expanding their terminals. We can help parties who are prepared to sign for 3 years or longer to determine which project would be most suitable and feasible to participate in.

Meet the team
Curious to find out what we can do for your business? Please be informed that we will be attending/travelling to following events/cities:

- Herring Parties, ARA during June
- Geneva, 21 - 22 June
- EPCA Vienna, 7- 10 Oct

We encourage terminal operators to keep us updated on their space situation and we can add your availability to the list as well. In the list we also have a couple of sublease opportunities. We are open to more sublet interest and welcome cargo owners to show us their contracted tanks which are not being used.

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Please see a snapshot of opportunities

(available tank capacities)

	product	location	available from
	-------------------------Belgium/Netherlands-------------------------		
406.000	diesel/gasoil	Amsterdam	now
23.400	dirty petroleum prods	Amsterdam	now
75.000	light ends FP<60	Amsterdam	now
1.200	dirty petroleum prods	Rotterdam	now
258.000	light ends FP<60	Rotterdam	now
135.000	gasoil/diesel	Rotterdam	now
16.000	chems	Rotterdam	now
13.000	vegoils	Inland Netherlands	Q3/Q4, 2018
5.000	bitumen	Inland Netherlands	now
5.900	various	Inland Netherlands	now
18.000	chems	Belgium	now

60.000	light ends FP <60	Belgium	now
	North Europe		
4.000	diesel/gasoil	North Germany	now
15.000	diesel/gasoil	Inland Germany	now
4.487	chems	Inland Germany	now
3.000	diesel/gasoil	West Coast UK	now
13.000	various	West Coast UK	now
14.000	various	East Coast UK	now
4.000	vegoils/chems	East Coast UK	now
15.000	diesel/gasoil	East Coast Scotland	now
100.000	light ends FP<60	Ireland	now
100.000	crude	Ireland	now
2.200	light ends	Denmark	now
10.200	vegoils/chems	Denmark	now
285.000	diesel/gasoil	Denmark	now
651.000	diesel/gasoil	Sweden	now
412.500	dirty petroleum prods	Sweden	now
14.300	vegoils	Sweden	now
4.000	chemicals	Finland	now
324.000	diesel/gasoil	Finland	now
150.000	crude	Estonia	now
97.000	diesel/gasoil	Estonia	now
73.000	light ends FP<60	Estonia	now
23.500	light ends FP<60	Latvia	now
	South Europe/Med/Black Sea		
17.700	various	Portugal	Q3,2018
70.000	Biodiesel	Spain	now
56.000	various	NW Spain	now
23.000	vegoils/chems	South Spain	now
25.000	dirty petroleum prods	South Spain	now
110.000	diesel/gasoil	East Spain	now
317.000	light ends FP<60	East Spain	now
55.000	light ends FP<60	East Spain	now
70.000	gasoil/diesel	East Spain	now
80.000	gasoil/diesel	East Spain	now
25.000	dirty petroleum prods	East Spain	now
20.000	dirty petroleum prods	East Spain	now
5.000	chems	North France - inland	now
2.000	chems	South France - inland	now
40.000	diesel/gasoil	NW France	now
19.600	vegoils/chems	NW France	now
105.000	diesel/gasoil	East Med	now
10.000	various	Croatia	now
7.500	chems	NE Italy	now
15.000	diesel/gasoil	NE Italy	now

8.000	chems	NW Italy	now
46.000	diesel/gasoil	NW Italy	now
7.000	molasses	NW Italy	now
9.900	light ends FP<60	Albania	now
30.000	light ends FP<60	Georgia	now
100.000	dirty petroleum prods	Georgia	now
45.000	dirty petroleum prods	Ukraine, danube	now
30.000	light ends FP<60	Ukraine, danube	now
12.000	dirty petroleum prods	Ukraine, danube	now
5.000	vegoils/chems	Ukraine, danube	now
120.000	light ends FP<60	SE Turkey	now
45.000	dirty petroleum prods	SE Turkey	now
12.000	vegoils	Illichevsk	now
5.000	chems	SW Russia	now
20.000	methanol	SW Russia	now
----------Africa----------			
14.200	chems	Egypt	now
6.000	vegoils/chems	Egypt	now
10.000	diesel/gasoil	Egypt	now
2.000	chems	Kenya	now
24.000	chems	Tanzania	now
55.000	light ends FP<60	Ghana	now
10.000	Gasoline	South Africa	now
10.000	diesel/gasoil	South Africa	now
2.200.000	crude	South Africa	now
----------Middle East----------			
100.000	various	Gujarat, India	now
97.600	chems	Gujarat, India	now
15.000	bitumen	Gujarat, India	now
100.000	diesel/gasoil	Gujarat, India	now
884.200	various	UAE	now
172.000	diesel/gasoil	UAE	now
91.180	light ends FP<60	UAE	now
74.000	dirty petroleum prods	UAE	now
35.795	chems	UAE	now
----------Far East----------			
100.000	light ends FP<60	South China	now
150.000	dirty petroleum prods	South China	now
200.000	dirty petroleum prods	North China	now
500.000	dirty petroleum prods	Gr. Ningbo	now
500.000	crude	Gr. Ningbo	now
100.000	crude	Shandong	now
250.000	light ends FP<60	Yangtze River/East China	now
12.500	chems	North China	now
50.000	chems	Shandong	now

75.000	dirty petroleum prods	South Korea	now
14.100	chems	South Korea	now
72.500	light ends FP<60	South Korea	now
90.000	dirty petroleum prods	Malaysia	now
34.800	vegoils/chems	Malaysia	now
46.000	light ends FP<60	Singapore	now
300.000	dirty petroleum prods	Singapore	now
270.000	diesel/gasoil	Gr. Singapore	now
255.000	dirty petroleum prods	Gr. Singapore	now

-------------------------North America (bbls)---

70.000	Biodiesel	California, USA	now
200.000	various	Ohio, USA	now
60.000	chems	Pennsylvania, USA	now
35.000	light ends FP<60	New York, USA	now
200.000	dirty petroleum prods	New York, USA	now
55.000	crude	New York, USA	now
50.000	chems	New Jersey, USA	now
43.000	diesel/gasoil	New Jersey, USA	now
43.000	vegoils/chems	Maryland, USA	now
66.000	dirty petroleum prods	Maryland, USA	now
25.000	dirty petroleum prods	Virginia, USA	now
280.000	diesel/gasoil	Virginia, USA	now
120.000	various	South Carolina	now
100.000	diesel/gasoil	North Carolina	now
60.000	light ends FP<60	North Carolina	now
450.000	various	Georgia USA	now
50.000	vegoils/chems	Georgia USA	now
250.000	vegoils/chems	Florida, USA	now
2.710.000	various	Louisiana, USA	now
35.000	chems	Louisiana, USA	now
380.000	various	Texas, USA	now
35.000	dirty petroleum prods	Texas, USA	now
660.000	chems	Texas, USA	now

---------------------Central & South America--

350.000	crude	Bahamas	now
190.000	various	Puerto Rico	now
553.000	light ends FP<60	Colombia, Caribs	now
7.500	vegoils	Colombia, Caribs	now
250.000	dirty petroleum prods	Panama, Atlantic	now
26.500	dirty petroleum prods	Argentina	now
10.000	vegoils/chems	Argentina	now

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