



RVB Tank Storage Solutions

Market Report

February 2019

Tank storage opportunities & updates

Oil market

The oil market has made an impressive comeback this year. Year to date **the market has rallied more than 20% and more than 6 dollars in the last week only**. OPEC/Saudi Arabia production cuts and correlation with equities are the main drivers for the move up. But Iranian and Venezuelan sanctions (more below) are also above the market and are adding flavor, especially to seaborne Brent. The big question is whether the rally will continue with supply and demand predictions pointing to an oversupplied market so OPEC compliance is key and now at 87%. But any relief in the US/China trade rhetoric will certainly outweigh those worries and will give the market another boost.

Crude

WTI is displaying a decent cash and carry with front month more than 40 cents and Jun/Dec almost 90 cents contango. Brent is only showing a slight contango at the front and Jun/Dec at almost a buck backwardation. The reason for the backwardation is the same as the reason for the flat price rally: less barrels in the Atlantic basin due to outages, cuts and sanctions. The restricted supplies from the Middle East can also be witnessed in the freight market as more than 10 empty VLCC's are now making voyages to the US, to export light crude from there. Normally these vessels would arrive with heavy sour Middle East oil. The increasing contango in the WTI curve is due to the high Cushing stocks and the upcoming refinery turnarounds in the US to prepare for the summer driving season and of course the ever-increasing domestic production: last week US oil production reached 12 million barrels! **Demand for storage in Europe is negligible at the moment, demand for US storage could pick up soon.**

Washington imposed fresh sanctions on PDVSA last month to cut off a key source of revenue for President Nicolas Maduro. Due to the size of Venezuela's oil-for-loan agreements with China and Russia and the weight of previous U.S. sanctions, cash-strapped PDVSA has become increasingly reliant on intermediaries to export its crude and import refined products. Some of these trading firms have stopped trading with Venezuela though, like Trafigura. Trafigura has a long-standing arrangement with state-run PDVSA to take Venezuelan crude and, in exchange, supply the Latin American country with refined products. Venezuela is paying heavy premiums for fuel imports from Russia and Europe, with fewer than a dozen sellers seeing the risk as worth the reward after flows from the

United States dried up because of sanctions. These barrels need to go somewhere. New flows result in new storage demands. **We have the tanks to store the crude or the products till the sanctions will be over.**

Gasoline

There seems to be some light at the end of the tunnel for gasoline. The market has been depressed for a while now but is showing signs of recovery. After a period of negative cracks, we turned positive again and spreads are moving up in line. The gasoline glut in the US persists and stocks are still building though. Driving season positioning might be starting soon but most players have locked in their spreads for a while now. **The market for gasoline storage has been tight for a while now** and we will probably see some relief soon but that will only be picked up by players with a genuine market presence and not by opportunistic (spread) traders.

Fuel oil

The high Sulphur market is still tight and will remain tight, despite all the worries that the market would be flushed with HSFO. Cracks are still historically high and although the spreads on the front are slightly cooling, spreads in the back are increasing again, also in Q1 2020. But **the storage market is already positioned**, and spreads will need to be rolled at a cost but at least tanks are secured.

Distillates

The distillates market remains strong although demand is waning a bit as temperatures are well above average and supply is ample. Spreads are volatile, especially in the front and the front is see-sawing between flat and +4. On the storage side, **demand for smaller tanks has been very good** but the bigger tanks are still available.

Biofuels

After the gradual decline that took place since the second half of 2018, the market is slowly rising again. The forward curve for FAME is uneventful but the storage market for biodiesel is very bullish with **no ullage for heated storage in sight**. The market is expected to continue to rise and SME exports from Argentina are allowed to resume, hence high occupancy rates.



Chemicals

This month we witnessed an **extreme demand for storage tanks for caustic soda**. Multiple producers as well as big importers of caustic soda are all looking to contract tanks to build stock. It is the same flow we saw at the end of 2017/beginning of 2018, however storage demand is now driven by another factor. Back then it was a response to the phase out of mercury cell technology and therefore the fear for shortage of caustic soda in the market (which never happened by the way). Now it seems driven by reduced production and supply of caustic soda in Europe. According to ICIS the supply of caustic soda was reduced in Q4, 2018 due to production issues in Northwest Europe and low water levels on the Rhine. And it is expected that the market for caustic soda will grow steadily. Most producers as well as importers are now starting to anticipate on these somewhat uncertain caustic soda volumes by building up stock. The problem however is the availability of tanks. Especially heated stainless-steel tanks and tanks that are specifically built for high density products so the capacity can be used to its full potential. At this moment we only see **opportunities for such tanks as per the beginning of Q3** depending on the requested volumes. For other chemical products we still see some space, but again mostly unheated and only for relatively easy products in smaller volumes.

Vegetable oils

The vegetable oil storage market seems to be easing a bit. Tanks are reported to be given back by Q2, providing storage opportunities for both heated stainless-steel tanks as well as carbon steel tanks. But- an important note- this generally is the case for smaller sized tanks. The bigger edible oil players with huge flows are still struggling with tank capacity and are sometimes even forced to optimize volumes by performing ship-to-ship operations. This doesn't only account for the ARA region, but for pretty much the whole of Northwest Europe as well as the Mediterranean. In this respect you could say that there are definitely opportunities for terminals to invest in or to increase FOSFA approved vegoil capacity. Besides Europe we have been investigating storage opportunities for vegoils in Asia as well. In preferred ports such as Port Klang **availability is as tight as in Europe**. To contract tanks on short notice is almost impossible as occupancy at these terminals is close to 100%. Q2 might bring some storage opportunities in Asia as well, but nothing to be sure of. Please contact us for updates.

USA

The lack of suitable tanks in the right location create additional logistic costs and **pressure on rail companies to compensate for local tank shortage**. The enormous demand for tanks on the US West Coast is not supported by big terminal projects since the permit approval and investments involved to get such terminals up and running are too high. A missed opportunity for the US to improve their import/export and support their economy by reducing logistic costs.

Meet the RVB storage brokers

RVB Tank Storage Solutions is proud to present our **team additions: Esther & Leo in America and Raoul in the Netherlands**. We are steadily growing, thanks to the support of

our customers. You can meet them at upcoming events like IP in London, AFPM in San Antonio or StocExpo in Rotterdam. Our growth is not only a result of more leads and enquiries, no.... more driven by the difficulty to do business in this industry. Who is the right person in an organization to talk to. Who is responsible for that location or for that product. In combination with availability of people and answering their emails or phone calls.

- **26-28 February: IP Week, London**
- **17-19 March: AFPM Petroleum, San Antonio TX**
- **24-26 March: AFPM Petrochemicals, San Antonio TX**
- **26-28 March: StocExpo, Rotterdam**
- **18 April: NOFOTA, Rotterdam**

We would like to ask terminal operators to keep us informed on their available capacity space situation. In the list we also have a couple of sublease opportunities. We are open to potential sublease options and welcome cargo owners to show us their contracted tanks which are not utilized.

Please find a snapshot of opportunities (available tanks at the terminals)

<u>capacity (m3)</u>	<u>product</u>	<u>location</u>	<u>available from</u>
-----Belgium/Netherlands-----			
312.600	diesel/gasoil	ARA	now
96.400	light ends	ARA	now
18.381	chems	ARA	now-Q2, 2019
3.170	vegoils	ARA	now
50.000	biodiesel	ARA	now-Q3, 2019
10.000	bitumen	ARA	now
-----North Europe-----			
460.000	crude	North Germany	now
6.000	diesel/gasoil	North Germany	now
8.240	easy chems	Inland Germany	now
30.000	light ends	West Coast UK	now
3.000	diesel/gasoil	West Coast UK	now
10.000	various	West Coast UK	now
660.000	crude	West Coast UK	Q2/Q3, 2019
360.000	diesel/gasoil	West Coast UK	Q2/Q3, 2019
40.000	various	East Coast UK	now
15.000	various	East Coast UK	Q4, 2019
15.000	diesel/gasoil	East Coast Scotland	now
100.000	light ends	Ireland	now
200.000	crude	Ireland	now
4.700	various	Denmark	now

517.000	diesel/gasoil	Denmark	now
122.500	light ends	Denmark	now
100.000	dirty petroleum prods	Denmark	now
155.500	diesel/gasoil	Sweden	now
74.579	dirty petroleum prods	Sweden	now
5.000	vegoils	Sweden	now
15.000	light ends	Sweden	now
8.300	light ends	Norway	now
20.000	diesel/gasoil	Norway	now
391.000	diesel/gasoil	Finland	now
75.000	diesel/gasoil	Estonia	now
60.000	light ends	Estonia	now
200.000	crude	Baltics	now
9.000	light ends	Latvia	now
-----South Europe/Med/Black Sea-----			
6.000	chems	France	now
260.000	crude	France	now
60.000	diesel/gasoil	France	now
4.000	chems	South France	now
7.000	vegoils	South France	now
4.000	light ends	North France	Q2, 2019
5.000	chems	North France	now
10.000	various	NW France	now
400.000	Crude	NW Spain	Q3, 2019
50.000	various	NW Spain	now
5.000	light ends	NW Spain	now
50.000	vegoils	NW Spain	now
25.000	fuel oil/vgo	South Spain	now
40.000	biodiesel	East Spain	now
55.000	chems	East Spain	Q2, 2019
279.000	diesel/gasoil	East Spain	now
45.000	dirty petroleum prods	East Spain	Now
80.000	light ends	East Spain	now
62.000	diesel/gasoil	Malta	now
7.500	chems	NE Italy	now
15.000	diesel/gasoil	NE Italy	now
8.000	chems	NW Italy	now
28.000	diesel/gasoil	NW Italy	now
30.000	diesel/veg oil/edible	NW Italy	now
9.900	light ends	Albania	now
22.000	vegoil/diesel, no heating	Albania	now
10.000	chems / petroleum prods	Croatia	now
300.000	Crude	Croatia	now
45.000	diesel/gasoil	East Med	now
58.000	diesel/gasoil	Turkey	now
45.000	fuel oil	SE Turkey	now

120.000	gasoline, IFR tanks	SE Turkey	now
40.000	Crude	Romania	now
30.000	clean petroleum products	Georgia	now
100.000	crude / dpp	Georgia	now
17.000	vegoils/chems	Ukraine, black sea	now
30.000	clean petroleum products	Ukraine, danube	now
45.000	dpp / black prods	Ukraine, danube	now
12.000	fuel oil/vgo, heating	Ukraine, danube	now
5.000	base oils/easy chems	SW Russia	now
20.000	methanol	SW Russia	now
-----Africa-----			
14.200	chems, excl. acids	Egypt	now
6.000	chems/vegoils	Egypt	now
10.000	various	Egypt	now
2.000	chems	Kenya	now
12.000	chems	Tanzania	now
12.000	Gasoil	Tanzania	now
55.000	diesel/gasoline	Ghana	now
2.200.000	crude	South Africa	now
10.000	light ends	South Africa	now
10.000	diesel/gasoil	South Africa	now
-----Middle East-----			
100.000	various	Gujarat, India	now
30.000	chems	Gujarat, India	now
15.000	bitumen	Gujarat, India	now
100.000	diesel/gasoil	Gujarat, India	now
50.000	light ends	Gujarat, India	now
884.200	various	UAE	now
172.000	diesel/gasoil	UAE	now
91.180	light ends	UAE	now
74.000	dirty petroleum prods	UAE	now
35.795	chems	UAE	now
-----Far East-----			
30.000	light ends	South China	now
200.000	dirty petroleum prods	South China	now
200.000	dirty petroleum prods	North China	now
200.000	dirty petroleum prods	Gr. Ningbo	now
300.000	crude	Gr. Ningbo	now
300.000	crude	Shandong	now
8.000	chems	Shandong	now
3.500	chems	Gr. Ningbo	now
5.500	chems	South China	now
75.000	dirty petroleum prods	South Korea	now
14.100	chems	South Korea	now
72.500	light ends	South Korea	now
90.000	dirty petroleum prods	Malaysia	now

22.000	vegoils/chems	Malaysia	Q2, 2019
46.000	light ends	Singapore	now
400.000	dirty petroleum prods	Singapore	Q2, 2019
58.000	light ends/diesel	Singapore	Q3, 2019
60.000	light ends/diesel	Singapore	Q4, 2019
200.000	diesel/gasoil	Gr. Singapore	now
55.000	dirty petroleum prods	Gr. Singapore	now
-----North America (bbls)-----			
320.000	light ends	California, USA	now
150.000	light ends	California, USA	Q2, 2019
20.000	chems	California, USA	now
2.360.000	dirty petroleum prods	New York, USA	now
2.295.000	crude	New York, USA	now
21.100	chems	New York, USA	now
50.000	chems	New Jersey, USA	now
390.000	diesel/gasoil	New Jersey, USA	now
114.000	light ends	New Jersey, USA	now
50.000	light ends	Washington USA	Q2, 2019
76.000	dirty petroleum prods	Maryland, USA	now
250.000	chems	North Carolina, USA	now
20.000	chems	South Carolina, USA	now
120.000	light ends	Rhode Island, USA	now
100.000	LPG	New Hampshire, USA	now
570.000	various	Georgia USA	now
80.000	chems	Louisiana, USA	now
260.000	chems/vegoils	Louisiana, USA	now
210.000	various	Texas, USA	now
30.000	(bio)diesel	Texas, USA	now
194.000	chems	Texas, USA	now
-----Central & South America-----			
2.000.000	crude	Bahamas	now
2.300.000	diesel/gasoil	Aruba	now
190.000	various	Puerto Rico	now
110.000	crude	Colombia (caribbean)	now
392.000	diesel/gasoil	Colombia (caribbean)	now
285.000	dirty petroleum prods	Panama (atlantic)	now
29.500	dirty petroleum prods	Argentina	now
10.000	diesel/gasoil	Argentina	now