



RVB Tank Storage Solutions

Market Report

March 2019

Tank storage opportunities & updates

The oil market has been steady lately, with Brent hovering between 65 and 67.50, a four-month high. Iran and Venezuela are still supportive to the market and OPEC is doing its utmost to reassure that the supply cut of 1.2MM barrels will stay in place and they have delayed the decision to continue cutting until June. Yesterday the market spiked to 68.50 on massive stock draws across the board, amounting up to 14MM bbl. Supply and demand worries still persist with an oil surplus in the first half of 2019 but **the market will start to tighten due to the cuts and higher demand in the second half of this year** and oil bulls will buy into this and 70 USD will act as a magnet in the short term. More clarity on the US-China will determine whether this hurdle will be taken. Terminals have suffered from the low rates and occupancy on the minerals the last few years. KinderMorgan and Oiltanking both reorganize and lay off people to reduce costs and to be stronger to handle backwardation especially on distillates.

Crude

With flat price at this year's high, spreads have strengthened too. The contango in the front of the curve of Brent has disappeared totally and the backwardation one year out (dec19/dec20) has widened as well to well above 2 bucks for both Brent as well as WTI. The move up in spreads on WTI is remarkable and is heavily correlated with shale oil production expectations. The US rig count is the lowest in a year and production growth is slowing. Demand for storage is low. Caribbean ullage is massive and **in Europe, other than ARA, crude storage availability is ample as well as in Asia.**

Gasoil

The front end of the curve has plummeted on re-supply and lower demand now that the heating oil season is coming to an end. The balance of the year is rather stable, with Jun/Dec19 at 10 USD contango. Margins are high on distillates with IMO2020 looming, hence refiners are running full steam to lock in these margins. Some refiners are even delaying their end of year maintenance program to capture the healthy refining margin as long as they can. **Demand will start to pick up soon to prepare for the sulphur change.** Demand for storage has picked up, but availabilities are still there, especially for bigger storage.

Fuel Oil

The situation on Fuel oil is unchanged. Cracks are strong and backwardation is out till Q1 2020. The market is quiet though, with the Arb closed and sluggish spot demand. In ARA most capacities have been booked, **terminals are full**. Only if a cargo owner is willing to invest in new capacity or refurbishment, new capacity can come online.

Gasoline

Now that the winter/summer contango game is running to an end, we expect the gasoline storage market to loosen soon. **As from April, the curve is moving towards backwardation again** while refiners are preparing for the summer driving season. The arb to the US is wide open and other demand centers are pulling product out of ARA as well. Most traders will be selling out of tank or emptying them full stop.



Chemicals

With new tank capacity coming operational as per q4 this year, it is now time to jump in and secure these tanks located in the ARA which are suitable for a variety of products before they are gone. Offers are widely spread, meaning it is just a matter of time before you will have to focus on the expansions projects commencing mid-2020 and even for these tanks offers have already reached the market.

Obviously these expanding terminals are aiming for long term contracts to justify their expenses as more or less all capacity is built on a speculative basis and rather positive storage market forecast. **The situation for the spot market did not quite change over a month**. Still a couple of small tanks can be found but most of the time not for low flash or specialty products nor are these tanks connected to all the required inbound and outbound modalities.

Same we noticed in the hinterland and chemical terminals at the Mediterranean. Not even to mention that these few available tanks are most of the time connected to already highly occupied jetties, hence, many terminals are investing in new build tanks but also in new berths and manifolds to offer the client a smoother logistical flow at the terminal.

Vegoils

It is expected that capacity in ARA will be pushed back into the market as from April/May. What we have seen from September 2018 until now is that many edible oil players constantly had to figure out how to manage an overflow of product due to large parcels being shipped in at once. This is specifically the case for imports out of Asia and the Black Sea as a result of the high output. Players with storage simply couldn't accommodate the stream within their contracted tanks. As inbound shipping now appears to be smoothening, it is expected that storage tightness will ease a bit. On top of that the molasse season (running from q4 until q1) is over so we expect that some of these tanks will be returned to the market. **This will provide opportunities for other products such as UCO, FAME and biodiesel.** With the increased demand for smaller sized biodiesel tanks this is definitely a development to keep an eye on. If we look at other storage regions, for example East Med or the Black Sea, we still see some prompt availability for vegoils even for bigger volumes.

USA

The four day fire and benzene leak on the fifth day at ITC Deer Park has an enormous impact on the greater Houston storage market. The terminal declared force majeure and the effected tank pit with 15 tanks are severely damaged. Naphtha, xylenes & toluenes tanks burnt down. The terminal closure effects the other tanks and products, but also vessels scheduled to call the terminals. Demand for substitute tankage is high but the market was already extremely tight so hard to find alternatives, although the market is showing creative solutions such as sublease and floating storage.

China

The Chinese storage market started the year with a mixed picture. Utilization of petroleum products tanks has been very bad, due to consumption tax levy on products blended by third parties. **Occupancy for commercial crude tanks considerably improved** over the last year as some traders bought crude on speculative basis at a low price last December as well as discounted Iranian crude. Capacity for chemical tanks is tight due to no movement of products around the Chinese New Year period. Overall, terminals are expecting a better occupancy then last year.

On the trade war between US and China, the impact on storage demand is minimal according to the China Logistics and Terminal Association. Import of commodity chemicals from US decreased by about 50% but that has been replaced by Korean and Middle East products. Fine chemicals with low volume and high value has less impact due to lower tariffs. On minerals too as China imported very little oil products from the US anyway.

Meet the RVB storage brokers

- **24-26 March: AFPM Petrochemicals, San Antonio TX**
- **26-28 March: StocExpo, Rotterdam**
- **18 April: NOFOTA, Rotterdam**
- **11-12 June: Downstream Petrochemicals, Houston TX**
- **19-20 June: Northeast Petrochemical, Pittsburgh PA**

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</u>
-----Belgium/Netherlands-----			
195.300	diesel/gasoil	ARA	
7.000	light ends	ARA	Q3,
27.741	chems	ARA	now-Q2,
2.520	vegoils	ARA	
22.000	biodiesel	ARA	now-Q3,
5.000	bitumen	ARA	
-----North Europe-----			
460.000	crude	North Germany	
6.000	diesel/gasoil	North Germany	
17.000	dirty petroleum prods	North Germany	
6.440	easy chems	Inland Germany	
900	chems	Inland Germany	Q2,
30.000	light ends	West Coast UK	
3.000	diesel/gasoil	West Coast UK	
10.000	various	West Coast UK	
660.000	crude	West Coast UK	Q2/Q3,
360.000	diesel/gasoil	West Coast UK	Q2/Q3,
40.000	various	East Coast UK	
15.000	various	East Coast UK	Q4,
15.000	diesel/gasoil	East Coast Scotland	
100.000	light ends	Ireland	
200.000	crude	Ireland	
4.700	various	Denmark	

517.000	diesel/gasoil	Denmark	nov
122.500	light ends	Denmark	nov
100.000	dirty petroleum prods	Denmark	nov
155.500	diesel/gasoil	Sweden	nov
74.579	dirty petroleum prods	Sweden	nov
5.000	vegoils	Sweden	nov
15.000	light ends	Sweden	nov
8.300	light ends	Norway	nov
391.000	diesel/gasoil	Finland	nov
75.000	diesel/gasoil	Estonia	nov
60.000	light ends	Estonia	nov
200.000	crude	Baltics	nov
9.000	light ends	Latvia	nov

-----South Europe/Med/Black Sea-----

6.000	chems	France	nov
220.000	crude	France	nov
10.000	light ends	NW France	Q2, 2019
5.000	chems	NW France	Q3, 2019
120.000	diesel/gasoil	South France	nov
120.000	light ends	South France	nov
4.000	chems	South France	nov
400.000	Crude	NW Spain	Q3, 2019
50.000	various	NW Spain	nov
5.000	light ends	NW Spain	nov
50.000	vegoils	NW Spain	nov
40.000	biodiesel	East Spain	nov
55.000	chems	East Spain	Q2, 2019
202.000	diesel/gasoil	East Spain	nov
45.000	dirty petroleum prods	East Spain	Nov
80.000	light ends	East Spain	nov
15.000	diesel	South Spain	Q2, 2019
62.000	diesel/gasoil	Malta	nov
7.500	chems	NE Italy	nov
89.000	diesel/gasoil	NE Italy	Q3, 2019
2.050	chems	NW Italy	nov
28.000	diesel/gasoil	NW Italy	nov
30.000	diesel/veg oil/edible	NW Italy	nov
6.600	light ends	Albania	nov
16.500	vegoil/(bio)diesel	Albania	nov
10.000	chems / petroleum prods	Croatia	nov
300.000	Crude	Croatia	nov

45.000	diesel/gasoil	East Med	nov
22.000	vegoils	Turkey, black sea	nov
15.000	chems	Turkey	nov
5.000	base oils/easy chems	Turkey	nov
58.000	diesel/gasoil	Turkey	nov
45.000	fuel oil	SE Turkey	nov
120.000	gasoline, IFR tanks	SE Turkey	nov
40.000	Crude	Romania	nov
30.000	clean petroleum products	Georgia	nov
100.000	crude / dpp	Georgia	nov
17.000	vegoils/chems	Ukraine, black sea	nov
30.000	clean petroleum products	Ukraine, danube	nov
45.000	dpp / black prods	Ukraine, danube	nov
12.000	fuel oil/vgo, heating	Ukraine, danube	nov
5.000	base oils/easy chems	SW Russia	nov
10.000	methanol	SW Russia	nov

Africa

14.200	chems, excl. acids	Egypt	nov
6.000	chems/vegoils	Egypt	nov
10.000	various	Egypt	nov
2.000	chems	Kenya	nov
12.000	chems	Tanzania	nov
12.000	Gasoil	Tanzania	nov
55.000	diesel/gasoline	Ghana	nov
2.200.000	crude	South Africa	nov
10.000	light ends	South Africa	nov
10.000	diesel/gasoil	South Africa	nov

Middle East

100.000	various	Gujarat, India	nov
30.000	chems	Gujarat, India	nov
15.000	bitumen	Gujarat, India	nov
100.000	diesel/gasoil	Gujarat, India	nov
50.000	light ends	Gujarat, India	nov
884.200	various	UAE	nov
172.000	diesel/gasoil	UAE	nov
91.180	light ends	UAE	nov
74.000	dirty petroleum prods	UAE	nov
35.795	chems	UAE	nov

Far East

100.000	dirty petroleum prods	North China	nov
5.500	chems	North China	nov

100.000	diesel/gasoil	South China	nov
32.000	light ends	South China	Q2, 2019
220.000	dirty petroleum prods	South China	nov
3.500	chems	South China	nov
200.000	dirty petroleum prods	Gr. Ningbo	nov
600.000	crude	Gr. Ningbo	nov
2.500	chems	Gr. Ningbo	nov
150.000	diesel/gasoil	Yangtze River/East China	nov
15.000	chems	Yangtze River/East China	nov
300.000	crude	Shandong	nov
6.000	chems	Shandong	nov
75.000	dirty petroleum prods	South Korea	nov
14.100	chems	South Korea	nov
72.500	light ends	South Korea	nov
90.000	dirty petroleum prods	Malaysia	nov
22.000	vegoils/chems	Malaysia	Q2, 2019
46.000	light ends	Singapore	nov
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	nov
55.000	dirty petroleum prods	Gr. Singapore	nov

-----North America (bbbs)-----

320.000	light ends	California, USA	nov
150.000	light ends	California, USA	Q2, 2019
20.000	chems	California, USA	nov
2.360.000	dirty petroleum prods	New York, USA	nov
2.295.000	crude	New York, USA	nov
21.100	chems	New York, USA	nov
50.000	chems	New Jersey, USA	nov
390.000	diesel/gasoil	New Jersey, USA	nov
114.000	light ends	New Jersey, USA	nov
24.000	light ends	Washington USA	Q2, 2019
76.000	dirty petroleum prods	Maryland, USA	nov
250.000	chems	North Carolina, USA	nov
20.000	chems	South Carolina, USA	nov
120.000	light ends	Rhode Island, USA	nov
100.000	LPG	New Hampshire, USA	nov
570.000	various	Georgia USA	nov
80.000	chems	Louisiana, USA	nov
260.000	chems/vegoils	Louisiana, USA	nov

210.000	various	Texas, USA	no
30.000	(bio)diesel	Texas, USA	no
194.000	chems	Texas, USA	no

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

2.000.000	crude	Bahamas	no
2.300.000	diesel/gasoil	Aruba	no
190.000	various	Puerto Rico	no
110.000	crude	Colombia (caribbean)	no
392.000	diesel/gasoil	Colombia (caribbean)	no
35.000	dirty petroleum prods	Panama (atlantic)	no
29.500	dirty petroleum prods	Argentina	no
10.000	diesel/gasoil	Argentina	no



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