



RVB Tank Storage Solutions

Market Report May 2019

Tank storage opportunities & updates

General

No product excepted is in backwardation. The refining margins on Northwest European gasoline are still near 8-month highs. In general the stocks are globally quite high for most of the products including crude what doesn't help the storage market nor the pricing.

Total (Leuna, Germany) and ENI (Schwedt, Germany) have stopped payments to the Russian firms who sold them contaminated oil and said they will only pay when compensation is agreed, thus upping the stakes in the worst disruption to Russian oil supply. The French and Italian oil majors told their suppliers, including Russia's Rosneft and Surgut, that they would be ready to make payments when the extent of damages is clear and would pay for clean oil when supplies resume. Belarus has estimated the **volumes of contaminated oil at around 9 million barrels**, which in normal circumstances would be **worth more than \$500 million** at current prices.

Crude

Crude settles slightly lower and oil futures were slightly bearish in the last week of may, as the market was stuck in a tug-of-war between geopolitical tensions in the Middle East and concerns of slowing global demand stemming from the ongoing China-US trade war. Brent is currently hovering around \$68 per barrel having fallen from a \$74 high earlier this year. Increased worries about a possible oil slump, due to the perceived **negative impact of the escalating US trade war with China, and unexpected higher stock volumes seem to have scared mainstream analysts.**

Fuel Oil & Bunkers

Rotterdam bunker sales in th first quarter of 2019 have fallen back by 9% in comparison to last year. Total bunker volumes sold at the European bunker hub were 2.3 million cbm, compared to 2.55 million cbm in the same period in 2018.

Storage operators in the Mediterranean are facing a range of development opportunities, thanks to IMO 2020 as well as challenges with declining gasoline demand. Considerable activity is happening around the IMO 2020 regulation, which comes into effect on January 1, 2020. Looking forward to the changes in bunker fuels, **the Mediterranean in particular continues to be oversupplied with gasoline** and that, coupled with declining demand, represents a growing challenge for the whole industry. Currently, **terminal and logistics assets are preparing to accommodate new bunker fuel streams** that will emerge as a result of the IMO 2020 regulation as well as providing services for the old fuel specification, which will continue to be used by ships that have scrubbers installed.

Asian demand for storage, both ashore and afloat, ahead of the IMO 2020 sulphur regulations is providing a new lease of life for veteran VLCCs. **Asian bunker traders and suppliers, and storage specialists, have been particularly busy snapping up large tanker tonnage.** Around 15 VLCCs built in the early 2000s have been sold in the past 10 months.

Many of them have been bought by recognised Asia-based bunker suppliers, marine fuel traders and storage specialists. **High onshore HSFO stocks in Singapore have tightened availability of shore tanks** and helped to move some of the LSFO stocks onto offshore floaters.

This year, the VLCC fleet will see the addition of 75 new ships, a year-on-year growth rate of almost 10%, and a further 40 VLCCs to be delivered in 2021, according to US shipbrokers.



USA Gas storage

Lack Of New Natural Gas Storage Capacity: Natural gas is increasingly the U.S. go-to fuel to grow the economy, reduce greenhouse gas emissions, backup wind and solar, and be our essential energy source to export to a mostly poor and energy-deprived world. This ongoing U.S. “Dash to Gas” ensures a known necessity: **U.S need more geological sites to store natural gas to meet the ebb and flow of demand**. Since the shale revolution took flight in 2008, U.S. natural gas prices have remained low and stable. While this is great for American families and businesses, it’s made building new gas storage capacity less of a priority.

Biodiesel

Some turmoil in the market for biodiesel: **Fraud suspected in one third of all biodiesel usage in the Netherlands adding up to over € 130 million**. This month was all about the joined “Anglo-Dutch” investigation into biodiesel fraud dating back to 2015 and 2016. The investigation focuses on British road fuel supplier Greenergy owning two of Europe’s largest waste-to-biodiesel plants and will open a third in Amsterdam later this year and the role of Biodiesel Kampen, which makes fuel out of used cooking oil. **It is suspected that 59% of the biodiesel sold by Biodiesel Kampen in 2015 was wrongly certified as sustainable**. Almost one third of the total Dutch biodiesel production has been produced by this company that year. The question is what impact these investigations will have on other major biodiesel players. Will they be facing a raid as well and as a result lose their ISCC certificate, a label that implies that they produce and trade sustainable? We have seen a vast demand for biodiesel tanks, many companies are still looking for tanks and thus expecting to bring in more volume. Ideally they are looking for several tanks of 5-10,000 m3 to make different bio-blends to meet the obligations European Union that encourages companies to reduce CO2 emissions by blending biodiesel with diesel. However, now that the fraud in biodiesel has been brought up, it is impossible to determine whether the ultimate goal of reducing CO2 emissions has been achieved and what impact this will have on other biodiesel players.

Vegetable oils

While the growth in vegetable oil consumption has accelerated to 8.4 Mn Tonnes (+4,5% in Oct/Sept 2018/19) and will continue to do so in the second half of this season, the growth in production has slowed down. This is primarily the case for palm oil, soya oil and rapeseed oil. **The downtrend of prices and the ensuing political measures that promoted palm oil use for biodiesel production are the key factors of this growth.** Stocks of palm oil are high, resulting in almost no availability on short notice in the preferred ports for palm oil in Asia, such as Port Klang. It is expected that these stocks will decline, however it will take time until stocks are reduced to levels at which a noticeable price response can be expected. **If we look at storage for vegetable oils in Europe only the outer areas show availability.** We have for example a couple of tanks available outside the ARA usual ports going all the way up to Scandinavia and down to North France and Spain. From time to time small volume will be returned in Rotterdam as well, but the availability of these tanks remain quite uncertain.

Chemicals

The strongest market is by far chemicals. The terminals active in this market show occupancy levels close to 95% if not completely full. This is especially the case for terminals located in the ARA region, but also in other parts of Europa occupancy is high. It is even a challenge for some terminals to perform revision works as they have no tanks left to organize this operation or need to refuse inquiries because of this scheduled work. Spot enquiries are sometimes a good fit for cargo owners that don't use their tank but expect to need it again in a couple of months afraid that if they return the tank they have no chance in getting it back later on. This is also why we see that **many cargo owners wait until the very last moment that they need to declare their contract renewals**, leaving many other tank seekers empty handed. In a volatile market, changes follow rapidly and anyone sitting on heated tankage for low flash better sit tight as there is hardly any one of those available in North West Europe today. Markets show availabilities for some products that need no heating (Methanol) in ARA or Med.

Meet the RVB storage brokers

- **3-4 June: ILTA Conference & Trade Show, Houston TX**
- **6 June: Massachusetts Appreciation Day, Hyannis, MA**
- **11-12 June: Downstream Petrochemicals, Houston TX**
- **13-14 June: European Chemical Luncheon (EPL), Lisbon**
- **20 - 21 June: Geneva mid-summer event**
- **19-20 June: Northeast Petrochemical, Pittsburgh PA**
- **6- 9 October: EPCA, Berlin**

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----- | | | |
| 220.000 | diesel/gasoil | ARA | now |
| 7.041 | chems | ARA | now |
| 18.390 | vegoils | ARA | now |
| 10.000 | biodiesel | ARA | now-Q4, 2019 |
| 90.000 | dirty petroleum prods | ARA | now |
| 251.500 | light ends | ARA | now-Q3, 2019 |
| -----North Europe----- | | | |
| 460.000 | crude | Germany (North) | now |
| 6.000 | diesel/gasoil | Germany (North) | now |
| 17.000 | dirty petroleum prods | Germany (North) | now |
| 7.100 | various | Germany (inland) | now |
| 30.000 | light ends | UK (West Coast) | now |
| 363.000 | diesel/gasoil | UK (West Coast) | now-Q3, 2019 |
| 11.800 | chems/vegoils | UK (West Coast) | now |
| 660.000 | crude | UK (West Coast) | now-Q3, 2019 |
| 40.000 | various | UK (East Coast) | now-Q4, 2019 |
| 5.000 | ethanol | UK (East Coast) | now |
| 15.000 | diesel/gasoil | Scotland (East Coast) | now |
| 100.000 | light ends | Ireland | now |
| 200.000 | crude | Ireland | now |
| 8.000 | biofuels, vegoils | Denmark | now |
| 74.500 | dirty petroleum prods | Denmark | now |
| 17.600 | diesel/gasoil | Denmark | now |
| 90.000 | light ends | Denmark | now |
| 89.500 | diesel/gasoil | Sweden | now |
| 72.500 | dirty petroleum prods | Sweden | now |
| 5.000 | vegoils | Sweden | now |
| 8.300 | light ends | Norway | now |
| 24.000 | 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----- | | | |
| 5.000 | chems | France (NW) | Q3, 2019 |
| 28.000 | chems/vegoils | France (NW) | now |
| 120.000 | diesel/gasoil | France (South) | now |
| 120.000 | light ends | France (South) | now |
| 4.000 | chems | France (South) | now |
| 400.000 | Crude | Spain (NW) | Q3, 2019 |
| 50.000 | various | Spain (NW) | now |
| 5.000 | light ends | Spain (NW) | now |
| 50.000 | vegoils | Spain (NW) | now |
| 40.000 | biodiesel | Spain (East) | now |
| 40.000 | chems | Spain (East) | now-Q3, 2019 |
| 279.000 | diesel/gasoil | Spain (East) | now |
| 45.000 | dirty petroleum prods | Spain (East) | now |
| 127.000 | light ends | Spain (East) | now |
| 15.000 | diesel | Spain (South) | now |
| 89.000 | diesel/gasoil | Italy (NE) | Q3, 2019 |
| 14.050 | chems | Italy (NW) | now |
| 22.000 | various | Italy (NW) | Q3/Q4 2019 |
| 6.600 | light ends | Albania | now |
| 16.500 | vegoil/(bio)diesel | Albania | now |
| 10.000 | various | Croatia | now |
| 300.000 | crude | Croatia | now |
| 22.000 | vegoils | Turkey (Black Sea) | now |
| 15.000 | chems | Turkey | now |
| 5.000 | base oils/easy chems | Turkey | now |
| 40.000 | crude | Romania | now |
| 30.000 | light ends | Georgia | now |
| 100.000 | dirty petroleum prods | Georgia | now |
| 4.500 | various | Ukraine (Black Sea) | now |
| 30.000 | light ends | Ukraine (Danube) | now |
| 33.000 | dirty petroleum prods | Ukraine (Danube) | now |

| | | | |
|-----------------------|-----------------------|--------------------|-----|
| 5.000 | various | Russia (SW) | now |
| 10.000 | chems | Russia (SW) | 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 | India (Gujarat) | now |
| 30.000 | chems | India (Gujarat) | now |
| 15.000 | bitumen | India (Gujarat) | now |
| 100.000 | diesel/gasoil | India (Gujarat) | now |
| 50.000 | light ends | India (Gujarat) | now |
| 355.000 | various | UAE | now |
| 172.000 | diesel/gasoil | UAE | now |
| 91.180 | light ends | UAE | now |
| 74.000 | dirty petroleum prods | UAE | now |
| 95.795 | chems | UAE | now |
| -----Far East----- | | | |
| 100.000 | dirty petroleum prods | China (North) | now |
| 5.500 | chems | China (North) | now |
| 80.000 | diesel/gasoil | China (South) | now |
| 30.000 | light ends | China (South) | now |
| 260.000 | dirty petroleum prods | China (South) | now |
| 3.800 | chems | China (South) | now |
| 280.000 | dirty petroleum prods | China (Gr. Ningbo) | now |
| 800.000 | crude | China (Gr. Ningbo) | now |
| 3.000 | chems | China (Gr. Ningbo) | now |

| | | | |
|---------|-----------------------|-----------------------|----------|
| 120.000 | diesel/gasoil | China (Yangtze River) | now |
| 18.000 | chems | China (Yangtze River) | now |
| 230.000 | crude | China (Shandong) | now |
| 100.000 | dirty petroleum prods | China (Shandong) | now |
| 8.000 | chems | China (Shandong) | 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 | now |
| 46.000 | light ends | Singapore | now |
| 400.000 | dirty petroleum prods | Singapore | now |
| 58.000 | light ends/diesel | Singapore | Q3, 3019 |
| 60.000 | light ends/diesel | Singapore | Q4, 2019 |
| 200.000 | diesel/gasoil | Singapore (Straits) | now |
| 55.000 | dirty petroleum prods | Singapore (Straits) | now |

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

| | | | |
|-----------|-----------------------|---------------------|-----|
| 320.000 | light ends | California, USA | now |
| 150.000 | light ends | California, USA | now |
| 20.000 | chems | California, USA | now |
| 410.000 | dirty petroleum prods | New York, USA | now |
| 2.217.000 | 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 |
| 0 | light ends | Washington USA | now |
| 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 |
| 165.000 | (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 |
| 35.000 | dirty petroleum prods | Panama (atlantic) | now |
| 29.500 | dirty petroleum prods | Argentina | now |
| 10.000 | diesel/gasoil | Argentina | now |