ODIN-RVB EUROPE

# Storage Market Report

## March 2020

**General petroleum market**

The effects of the corona virus pandemic weakened the market already and with the effect of the price war between the Saudi Arabian and Russian oil producers on top, the total effect for the storage market was enormous. **Contango was back** and renting tanks was suddenly the most attractive activity for traders and producers in addition to buying and hedging. The most remote locations with formerly unattractive pricing and operational restraints were of interest again, same as for caverns which have been empty for quite some time: a are back in business. The rates were not even going over the top in the first week , it was more **the first party willing to commit for as long as possible** could have them.

At least 4 years ago we saw this same behavior and for a lot of terminal operators the Contango-play came as a relief. Tanks had been empty for too long and revenues are very welcome. **First the ICE and hub locations were fixed and quickly the outer ports.**

In addition to this, over the very last weeks, general global demand has been slowing down as people stay at home and industries going into slow motion, leaving producers and traders alike with product in abundance and no place to store. As a result, storage rates are seriously increasing and have already doubled for some fuels in particular gasoil and jetfuel. **In 2 weeks' time we saw our availability list almost vaporizing.** There are still some opportunities, but not necessarily the cheapest or most easy ones.

**Biofuels & edible oils market**

The (bio)fuel market feels the reduced demand since people don't use their cars whilst workingfrom home. Vessels heading for NW Europe have been deviated, since tanks are filled already. In the vegetable market we se a lot of demand for tankage. Preferably heated. From the small list of approved food grade terminals, the availability of tanks with heating is almost non-existent.

**Chemical market**

In the chemical market we see more new built capacity coming to the market and with the recession and economical misery **the outlook for the chemical market isn't promising.** Although in today's market tanks are required to store unwanted and over-produced volumes, **this is a temporary peak** as production is being reduce and long-term strategies revised. Contracts run for short period of time and soon those tanks will be back in the market.

**China update**

A look into the chinese market which is slowly coming to life but certainly not at full speed yet. The streets are still very quiet and refineries are not producing at high rates. **The crude tanks have been filled by opportunist buyers.** We are currently checking the market for available capacity in petroleum storage. The chemical market shows opportunities especially for smaller grades.

**Floating storage**

And special attention for floating storage : Freight rates for very large crude oil carriers (VLCC) along the Middle East Gulf to China route were assessed at about $180,000 per day. It is difficult to say whether or not the rates will be sustained, or at what levels, but generally looking at Saudi's export plans as well the demand for floating storage you can **expect freight rates to remain strong.** With world demand for oil, traders are increasingly bein forced to park crude in storage to take advantage of a record gap between spot and future prices. The contango spread between May and November Brent crude futures has hit a record of $13.45/bbl while the six-month sprea for US crude widened to minus $12.85/bbl, the biggest discount since Feb 2009. **Almost all the spot (tanker) deals right now have floating storage tied into them.** While onshore storage space is typically cheaper than floating storage, traders are increasingly seeking to store oil on tankers as **onshore space becomes increasingly scarce.**

Our challenge of the coming months will be to find tankage. We ask every cargo owner with tanks to evaluate th usage of their tanks and we can assist with that evaluation if required. If tanks are under utilized and the storag contract is still running, we have options to use the tank for other cargo owners. Please share your information with us. We will be looking for new opportunities and will consider all possibilities for sublease or floating storag to accommodate your products or find the best possible solution.

For terminals, we can help you with tanks coming back from maintenance or not rented out yet to find a suitabl customer, even if it isn't a popular size or opportunity.

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

| capacity (m3) | product | location | available from |
|---|---|---|---|
| | | **Belgium/Netherlands** | |
| 30.000 | diesel/gasoil | ARA | Q3,2020 |
| 12.706 | chems/various | ARA | now |
| 24.400 | chems | ARA | Q2,2020 |
| 4.500 | chems | Netherlands | now |
| 2.850 | vegoils (unh) | Netherlands | now |
| 5.000 | bitumen | Netherlands | now |
| | | **North Europe** | |
| 20.400 | diesel/gasoil | Germany (North) | now |
| 1.800 | chems/vegoils | UK (West Coast) | now |
| 8.890 | chems | UK (East Coast) | now |
| 5.000 | ethanol | UK (East Coast) | now |
| 5.000 | biofuels/vegoils | Denmark | now |
| 2.800 | diesel/gasoil | Sweden | now |
| 8.300 | light ends | Norway | now |
| 340.000 | crude | Finland | now |
| 8.500 | gas | Finland | now |
| 18.300 | chems/various | Estonia | now |
| 10.000 | vegoils | Poland | now |
| | | **South Europe/Med/Black Sea** | |
| 5.000 | chems | France (NW) | now |
| 27.000 | light ends | France (South) | now |
| 5.960 | chems | France (South) | now |
| 12.800 | biofuels/vegoils | Spain (South) | now |
| 183.000 | crude/FO/diesel | Italy (NE) | Q1, 2021 |
| 15.000 | FO/diesel | Italy (NE) | Q3/Q4, 2020 |
| 6.000 | gasoline/diesel | Italy (NE) | now |
| 25.000 | diesel/gasoil | Italy (NW) | now |
| 6.600 | light ends | Albania | now |

| | | | |
|---|---|---|---|
| 16.500 | vegoil/(bio)diesel | Albania | now |
| 140.000 | clean petroleum prods | Greece | now |
| 30.000 | gasoil/various | Turkey (Black Sea) | now |
| 26.000 | base oils/easy chems | Turkey | now |
| 43.000 | crude/FO | Romania | now |
| 30.000 | light ends | Georgia | now |
| 100.000 | crude | Georgia | now |
| 30.000 | light ends | Ukraine (Danube) | now |
| 33.000 | dirty petroleum prods | Ukraine (Danube) | now |
| 20.000 | various | Russia (SW) | now |
| 10.000 | chems | Russia (SW) | now |
| | | **Africa** | |
| 21.568 | chems | Egypt | now |
| 3.000 | chems | Kenya | now |
| 10.000 | chems | Tanzania | now |
| 20.000 | diesel/gasoil | Tanzania | now |
| 55.000 | light ends | Ghana | now |
| 20.000 | dirty petroleum prods | Mozambique | now |
| | | **Middle East** | |
| 7.716 | chems | India (Gujarat) | now |
| 20.000 | various | India (Gujarat) | now |
| 10.000 | bitumen | India (Gujarat) | now |
| 3.500 | light ends | UAE | now |
| 40.000 | chems | UAE | now |
| | | **Far East** | |
| 100.000 | clean petroleum prods | China (North) | now |
| 10.500 | chems | China (North) | now |
| 150.000 | diesel/gasoil | China (South) | now |
| 35.000 | light ends | China (South) | now |
| 14.500 | chems | China (South) | now |
| 6.000 | chems | China (Gr. Ningbo) | now |
| 185.000 | diesel/gasoil | China (Yangtze River) | now |
| 4.500 | chems | China (Yangtze River) | now |
| 8.000 | chems | China (Shandong) | now |
| 6.000 | dirty petroleum prods | South Korea | now |
| 200.000 | dirty petroleum prods | South Korea | now |
| 30.000 | vegoils | Malaysia | now |
| 58.000 | light ends/diesel | Gr. Singapore | now |
| 60.000 | light ends/diesel | Gr. Singapore | now |
| | | **North America (bbl)** | |
| 150.000 | dirty petroleum prods | Alabama, USA | now |
| 20.000 | chems | California, USA | now |
| 500.000 | crude | California, USA | now |
| 601.000 | gasoil/various | Georgia USA | now |
| 235.000 | light ends | Louisiana, USA | now |
| 50.000 | chems/clean prods | Louisiana USA | now |
| 100.000 | LPG | New Hampshire | now |
| 504.000 | light ends | New Jersey, USA | now |

| | | | |
|---|---|---|---|
| 22.500 | chems (heated) | New Jersey, USA | now |
| 1.042.000 | black oil prods | New York, USA | now |
| 1.967.000 | light crude/petroleum prods | New York, USA | now |
| 250.000 | chems | North Carolina, USA | now |
| 500.000 | chems/clean prods | Oregon, USA | now |
| 50.000 | light ends | Pennsylvania, USA | now |
| 120.000 | light ends | Rhode Island, USA | now |
| 240.000 | dirty petroleum prods | South Carolina, USA | now |
| 140.000 | chems | South Carolina, USA | now |
| 325.000 | (bio)diesel | Texas, USA | now |
| 520.000 | crude & chems | Texas, USA | now |
| 260.000 | light crude/petroleum prods | Texas, USA | now |
| 80.000 | chems | Texas, USA | now |
| ---------------------------------------------------------------------------Central & South America--------------------------- | | | |
| 158.730 | light ends | Bahamas | now |
| 176.000 | diesel/gasoil | Colombia (caribbean) | Q3,2020 |
| 25.000 | clean/dirty petroleum prods | Colombia (caribbean) | now |
| 46.000 | chems/vegoils | Brasil | now |
| 10.000 | chems/vegoils | Argentina | now |
| 70.000 | diesel/gasoil | Argentina | now |
| 63.000 | dirty petroleum prods | Argentina | now |
| 2.700 | chems/petroleum prods | Mexico | now |