

ODIN-RVB EUROPE

Storage Market Report

May 2020

General

Crude prices rose to around \$35/barrel, showing recovery in the global oil market after fuel demand was boosted by the less stringent lockdown measures. The oil cuts by Saudi Arabia and Russia and the reduction in US shale industry are showing its effects. This is nowhere near enough for oil-producing states but is a move in the right direction. It shows that the oil market can be at least partly regulated by supplying countries, even during the biggest demand destruction in history because of global economic lockdowns. The recovery was mainly due to signs that economies of East Asia - mainly China, Japan and South Korea - are resuming economic activity faster than expected and the realization that exhaustion of the world's storage capacity was not going to happen. Although a second wave of COVID-19 or a rupture in trade relations between the US and China can still occur, **the outlook for oil is better than what was expected a month ago**. Industry analysts look at an **average of \$35/barrel this year and perhaps more than \$50/barrel in 2021**. A lot is depending on the OPEC+ deal led by Saudi Arabia and Russia which is on the agenda for next month. In this meeting the participants will have to decide whether to reduce the level of cuts from 23% to 18% output.

Ever since the oil price drop at the start of March, the storage market for distillates and light ends was extremely tight. This was due to a **strong contango** and no available capacities were expected to return to the market for the rest of this year. With global fuel demand slowly rising, **the first effects are noticeable on our availability list with several sublease and new built capacities** becoming available. Although opportunities exist in the UAE and Scandinavia, most options still entail new built projects. Parties in a position to be patient and commit for a longer term, have several options to choose from with projects available for build outs for sizes varying between 80,000 and 300,000 m3 with a lead-time until 2021/2022.

With reference to the US storage markets, the reducing contango makes traders more hesitant to make their moves. For parties on the lookout for storage opportunities, **availabilities in the US are not unlimited but do exist**, particularly for various (easy)chemicals and gasoil. In addition, there is also a unique opportunity available for (heavy) crude storage along the USGC.



Chemical market

Contrary to last month, when a limited number of tanks could still be found, this month is showing hardly any availability in the major hubs for both easy chemicals and specialty chemicals. **Many tanks have been rented out on a spot basis** and are expected to return to the market after the summer. A similar situation we see in the Middle East and China. Tanks are fully stocked with chemicals like methanol, styrene monomer and MEG. **Stocks at all major ports in East and South China have reached tank-top levels**, resulting in terminals declining further discharge of spot cargoes. This means that producers and traders that are selling to China must bear demurrage costs as the waiting time for discharging product could be 10 days or even more. It is expected that this situation will last until early June, forcing some producers to consider cuts in their production output. What we can offer in this case is **an unique opportunity in the Middle East: 43,000 m3 of storage capacity promptly available** and suitable for a wide range of (low flash) chemicals. In case you would like to know more, please do not hesitate to contact us.

Biofuels & vegoils market

Apart from a couple of small heated tanks (originally used for chemicals) **the only capacity for biodiesel that can still be found in the ARA region are unheated tanks**. This means that customers must wait for contract

renewal periods (expected by the end of Q3) hoping that capacity will be released. The only terminals still able to expand capacity for heated biofuels and vegoils are the ones located in the outer regions. If we look beyond ARA, we see a unique opportunity for biofuels (or chemicals) in Croatia, also providing the possibility to deliver to customers by train. The available capacity consists of multiple tanks enabling customers to bring in different grades of FAME or easy chemicals.

Expansion projects

Since spot opportunities are very limited, we invite the terminals to share their detailed and maximum 2-year forward expansion planning. Furthermore, we invite cargo owners to discuss their storage strategies in order to see if a new project might fit your needs. A tailor-made solution and tank optimization can help the business grow and reduce costs. In the availability list you see already future / confirmed projects and we have many more to show.

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-----			
100.000	diesel/biodiesel	ARA	Q3 2020
112.000	diesel/biodiesel	ARA	Q1 2021
51.000	diesel/gasoil	ARA	Q2 2021
125.000	dirty petroleum prods	ARA	Q4 2021
9.582	chems/various	ARA	now
19.560	chems	ARA	Q3/Q4 2020
8.000	chems	ARA	Q2 2021
17.000	vegoils (h)	ARA	Q1 2021
2.400	chems	Netherlands	now
5.000	bitumen	Netherlands	now
-----North Europe-----			
30.000	diesel/biodiesel	Germany (North)	Q1 2021
40.000	diesel/gasoil	Germany (North)	Q1 2022
700	chems/various	Germany, River Rhine	now
1.800	chems/vegoils	UK (West Coast)	now
100.000	diesel/gasoil	UK (West Coast)	Q1 2021
4.000	chems/various	UK (East Coast)	now
1.690	specialty chems	UK (East Coast)	now
36.000	diesel/gasoil	Denmark	Q4 2020
5.500	diesel/gasoil	Norway	Q3 2020
5.500	diesel/gasoil	Norway	Q1 2021
340.000	crude	Finland	Q3 2020
8.500	gas	Finland	now
6.850	chems/various	Estonia	now
10.000	vegoils/biofuels	Poland	Q4 2020
-----South Europe/Med/Black Sea-----			
4.000	diesel/gasoil	France (North)	now
20.000	light ends	France (South)	Q3 2020
1.600	chems	France (South)	now
360.000	crude/cpp	NW Spain	Q2 2021
15.000	chems/various	East Spain	Q2 2021
15.000	diesel/biodiesel	East Spain	Q4 2020
89.000	dpp/ccp	NE Italy	Q2 2021
16.000	biofuels/chems	Croatia	now
363.000	crude	Croatia	Q2 2021
51.500	chems/diesel	Turkey	now
10.000	dirty petroleum prods	Turkey	now
30.000	light ends	Georgia	now

100.000	crude/dpp	Georgia	now
8.400	chems	Russia (SW)	now
-----Africa-----			
21.568	chems	Egypt	now
3.000	chems	Kenya	now
10.000	chems	Tanzania	now
20.000	dirty petroleum prods	Mozambique	now
-----Middle East-----			
9.900	dirty petroleum prods	India (Gujarat)	now
9.400	bitumen	India (Gujarat)	now
67.716	chems/cpp	India (Gujarat)	now
67.000	chems/cpp	UAE	now
11.000	specialty chems	UAE	now
30.000	chems/cpp	UAE	Q4 2020
-----Far East-----			
8.000	chems	China (North)	now
14.500	chems	China (South)	now
6.000	chems	China (Gr. Ningbo)	now
3.000	chems	China (Yangtze River)	now
8.000	chems	China (Shandong)	now
2.500	chems	Japan	now
615.000	crude/dpp	South Korea	Q1 2021
-----North America (bbls)-----			
80.000	chems/cpp	Washington, USA	now
40.000	chems	New Jersey, USA	now
100.000	chems	Indiana, USA	now
585.000	diesel/gasoil	North Carolina, USA	now
20.000	chems	South Carolina, USA	now
90.000	chems	Louisiana, USA	now
50.000	chems/cpp	Louisiana, USA	Q3 2020
800.000	biodiesel/crude	Louisiana, USA	Q3 2020
90.000	diesel/biodiesel	Texas, USA	now
139.200	chems	Texas, USA	now
250.000	chems/cpp	Texas, USA	Q2 2021
250.000	chems/cpp	Texas, USA	Q3 2021
150.000	dirty petroleum prods	Florida, USA	Q3 2020
-----Central & South America-----			
40.000	chems/clean prods	Puerto Rico	now
178.745	diesel/gasoil	Colombia (caribbean)	Q3 2020
36.836	dpp/ccp	Colombia (caribbean)	now
13.000	diesel/gasoil	Argentina	now



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