ODIN-RVB EUROPE

Storage Market Report

July 2020

Our regular and monthly market report from a new e-mail address. Please update your files and add ops-storage@odin-rvb.com to you contacts, for our messages not to end up in your spam/junk box. For Europe / Africa / Asia we use storage@odin-rvb.com for Americas / Caribbean we use tankstorage@odin-rvb.com. In case you are no longer interested to receive our report you can unsubscribe at the bottom. Otherwise don't hesitate to reply or email one of the email addresses, our team is at your service!

General

With more and more people having holidays on their mind, the tank storage markets are slowing down accordingly. Fewer transactions, longer response times and more 'out of office' messages. Although things always tend to slow down during the summer season, in the liquid bulk (storage) market there are plenty of interesting developments to cover this month. We see the oil markets recovering and healing so quickly, that it appears as if nothing has happened in Q2 this year. The question remains if a second wave of the Covid-19 is imminent, and how one can best prepare for it? Will geopolitical tensions come back into play to stir up uncertainty in the markets? Although we cannot predict the future, what we can do is elaborate on the tank storage market of the past month and share our expectations for the weeks to come. Happy reading!

Crude

As far as crude is concerned, we have seen **stable crude prices** over the last full 2 months with Brent hovering just around and over \$ 42,= per barrel, with a peak of \$ 44,84 on the 21st of this month. WTI futures were even more steady around \$ 40,= per barrel with a similar peak of \$ 42,45 on that same day. Surely these rates have not recovered to the rates from before COVID-19, but with the expected increase in production this is not likely to happen either. **Floating storage has been reduced** and traders and owners alike are starting to look further into the future over the threshold and into the next year. The producers, and not the opportunistic contango players, are still working their long term strategy on crude oil storage.

Petroleum Products

Jetfuel demand is one of the clearest indicators for the world economy, and with demand drops from 5,2 to 5,8 million tns per month in 2019 to a staggering 1,4 million tns only in April 2020, we can conclude that the economy is dipped tremendously. With countries reopening their borders and aviation companies firing up their jet engines again, **consumption came back to about 60% of the 'original' demand**: not enough to reduce the inquiries for prompt storage. Unfortunately there is no available capacity to handle these inquiries, with **most tanks still occupied for a longer period.**
We see **Gasoil and ULSD recovering from their lowest flat price** in mid April of around \$205 per mton coming back to an average of \$375 per mton last week. This very small 'contango' does not outweigh storage costs anymore. The few opportunities we currently see for diesel are not being taken. Even more so, **we see interest of parties to give up their tanks** if we can find them a sublease party to take over their contract term.

Biofuel and vegetable oils

storage prices for biodiesel remain above 'regular' levels, due to the short supply of tanks in the hub locations. In effect, cargo owners are still turning towards – also scarce – chemical tanks. Although this ought to negatively influence the availability for chemical product storage (mild steel), this is hardly felt due to the limited demand for chemical storage at the moment. Overall we notice **a mismatch between available tankage and the current requirements** of the cargo owners, who remain on the lookout for blending opportunities over multiple tanks, or in search of specific vessel or rail connections.

Demand for UCO - Used Cooking Oil - tanks has been strong over the past month, with a noticeable interest in smaller tanks (< 1,000 m3). For this feedstock in particular, we notice a shortage in storage space that is not necessarily related to the lack of capacity due to COVID-19. **New capacity being built in hub locations is being offered at extremely high prices,** likely driven by the market situation as described. The difficulty for cargo owners is the market sensitive nature of the trade, which makes it difficult to look forward and commit for a longer period of time. In conclusion, **the terminal that has suitable storage space and a waste permit is well positioned to capture an ever growing part of the storage market.** Should you have available tank storage capacity to let or sublease (also very small tanks), or with a nearing expiring contract? Please do not hesitate to reach out, since we represent many parties actively looking for suitable capacity!

Chemicals

With reference to the chemical storage markets, most of the activity seen in the past month(s) is on a spot basis. The only product that stands out is **ethanol**, with many enquiries pending without a suitable terminal to 'host' them. Although it is not hard to see why this product is currently in high demand, there is generally a shortage of terminals capable of handling large volumes of these excise goods. Both in the Netherlands and Belgium, **the 'deposit' (which can easily add up to millions) that has to be placed with the authorities is a bottleneck.** Terminals with a product-hub function are in an advantage here, though it is expected that more and more terminals will jump into this market, provided there is an opportunity to capture larger volumes for a longer period of time.

Apart from the ethanol developments, **the 'spot based' chemical storage market is not expected to change much** over the coming month, as the summer period is likely to slow things down. We mentioned in our previous newsletter that long term projects are being revived again, but this is done with an outlook towards 2021 rather than right now. One of the effects of this development is that **not all newly built tanks in Rotterdam and Antwerp (mostly stainless steel) are sustainably committed.** Although the current shortage on the storage market is in the advantage of the terminals, based on the capacity that is being added in ARA we can only repeat that **the supply/demand structure we have seen in the past years is likely to change.** Good news for cargo owners that want to test the market, or potentially combine flows for more efficient logistics. For terminals these times can be interesting as well, with opportunities to attract new storage packages and develop solutions with high added value. Interested in an alternative approach? **Feel free to reach out to us to evaluate fit-for-purpose solutions for your supply chain,** with a wide view across ports and terminals!

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

capacity (m3)	product	location	available from
--------------------Belgium/Netherlands--------------------			
100.000	diesel/biodiesel	ARA	now
101.000	diesel/gasoil	ARA	Q1/Q2 2021
153.000	cpp/light ends	ARA	Q1 2022
125.000	dirty petroleum prods	ARA	Q4 2021
17.706	chems/various	ARA	now
8.300	chems	ARA	Q4 2020
8.000	chems	ARA	Q2 2021
17.000	vegoils (h)	ARA	Q1 2021
7.970	vegoils (h)	Netherlands	Q4 2020/Q1 2021
2.400	chems	Netherlands	now
5.000	bitumen	Netherlands	now
--------------------North Europe--------------------			
30.000	diesel/biodiesel	Germany (North)	Q1 2021
2.700	chems/various	Germany, River Rhine	now
6.800	chems/vegoils	UK (West Coast)	now
9.900	diesel/gasoil	UK (West Coast)	Q4, 2020
100.000	chems/various	UK (West Coast)	Q1 2021
80.000	diesel/gasoil	UK (West Coast)	Q2 2021

7.600	chems/various	UK (East Coast)	now
1.690	specialty chems	UK (East Coast)	now
64.000	diesel/gasoil	Denmark	now
5.500	diesel/biodiesel	Norway	now
5.500	diesel/gasoil	Norway	Q1 2021
340.000	crude	Finland	now
8.500	gas	Finland	now
6.850	diesel/gasoil	Estonia	now
10.000	vegoils/biofuels	Poland	Q4 2020
--South Europe/Med/Black Sea---------------------------			
4.000	diesel/gasoil	France (North)	now
12.800	biodiesel	France (North)	now
33.000	light ends	France (South)	now
1.600	chems	France (South)	now
360.000	crude/cpp	NW Spain	Q3 2021
15.000	chems/various	East Spain	Q2 2021
15.000	diesel/biodiesel	East Spain	Q4 2020
183.000	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
100.000	vegoils	Ukraine	now
8.400	chems	Russia (SW)	now
---Africa---------------------------			
24.000	chems	Egypt	now
10.000	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
20.000	chems/cpp	UAE	now
30.000	chems/cpp	UAE	Q4 2020
---Far East---------------------------			
8.000	chems	China (North)	now
14.500	chems	China (South)	now
8.250	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
260.000	gasoil	Singapore	Q1, 2021
--North America (bbls)---------------------------			
40.000	chems	New Jersey	now

800.000	Heavy crude/(bio)diesel	Louisiana	now
90.000	chems	Louisiana	now
150.000	Jetfuel	Texas	now
68.000	easy chems/base oils	Texas	now
15.000	chems	Texas	Q4 2020
500.000	chems/cpp	Texas	Q2/Q3 2021
110.000	heavy naphtha	Texas	now
150.000	black oil prods	Florida	Q4 2020
--Central & South America--------------------------			
15.000	chems	Mexico	now
60.000	chems/cpp	Puerto Rico	now
25.000	diesel/gasoil	Colombia (caribbean)	now
165.000	dpp/cpp	Colombia (caribbean)	now
14.581	chems/cpp	Colombia (caribbean)	now
13.000	diesel/gasoil	Argentina	now