
ODIN-RVB EUROPE

Storage Market Report

September 2020

September was a day too short, but long enough for the ODIN-RVB storage team to enjoy their holidays within driving distance from our homes. All back and still healthy, now ready to Rock & Roll. However the month was just one day too short to send you our market report still within September.

General

Although predicted by some, the second wave of the COVID-19 pandemic is a fact. Offices that had re-opened are closing again, and stricter rules and regulations apply in public spaces throughout the world. Since the situation has been uncertain for months, there is no immediate response on the storage market yet due to these changes. Overall we notice a tendency to conservatism, with an expected limited change in contractual statuses for tanks toward the end of the year. From the terminals' perspective this can be viewed as stability, though additional capacity being built for the non-fuel related liquids tends to be difficult to lease out under these circumstances.

Let's dive into the details of the different liquid bulk sections, where we will elaborate on specific developments and share our outlook for the next months.

Crude & Petroleum Products

In breach with the slowly but steadily increasing futures prices over the last 3 months, Brent Crude took a dive from the 1st to the 14th of this month with a low of US\$ 36,91 per barrel and seemed to be rising but started a new descent on this last day of the month. WTI Crude futures prices followed the same dive from the start of the month with a low at US\$ 36,73 on the 8th in September and in a second decline from US\$ 39 per barrel downhill since this morning.

Although Opec+ countries had earlier cutback their upstream production, the increase and surplus in inventory stock of crude was unavoidable. In combination with refineries having changed their slate as a result of IMO 2020 and as a result of a steep drop in demand (following the new increase in numbers of Covic-19 spreading) a subsequent unavoidability is the glut in refined and blended products from Fuel Oil to gasoline, jet and diesel. As mentioned, as a result of that and in order to be prepared to join a new contango play, should it present itself, independent oil majors have started increasingly chartering vessels.

With these prices going down and some structure in market for contango mid-September, inquiries for gasoline clearly increased but the effect has mostly been that tenants are extending their contracts if they weren't already under contract until mid-2021.

The market for FO and bunkers appears to have adapted seamlessly to the new specs for LSFO. And although high sulfur products have not disappeared yet and the shipping market is adapting fast to new standards, we cannot ignore to see that LNG is entering into the bunker hubs more frequently thus moving the industry towards a more sustainable fuel solution.

Floating storage

Newly launched very large crude tankers (VLCC) and suezmax tankers are being diverted to transport and store clean products. At least 12 tankers built in 2020, including 7 VLCCs, are laden with clean products and tracked sailing to their next destination in the Atlantic or storing middle distillates. The vessels loaded an estimated total of 21m barrels of refined products on their first voyage from ports in Asia or de the Middle East Gulf. Anchorages off Southworld, UK and Lome, West Africa are charterers' favoured destination. Both areas are used as a transshipment hub and for floating storage in the Atlantic basin, especially as demand for jet fuel, gasoil and diesel remains moribund in the Atlantic basin. The use of large-sized tankers for clean storage requires certain market conditions to make it practical, because the vessels are designed to ship crude.

The transport of refined products is technically possible for the first voyage only. The oversupply of distillates, alongside market contango conditions is driving a resurgence of newbuilding tankers trading clean. Overall clean product floating storage is tracked at some 19.2m barrels on 17 tankers from panama to VLCCs for 20 days or longer. Traders have been active in chartering tankers for short-term periods of 6 months or less, as no shore tanks are available in this size and prompt.



Biofuels & Vegetable Oils

For vegetable oils options for tankage remain limited. Outer regions become more and more interesting, as there is hardly space for new projects given the current occupancy situations at the usual locations. Flexibility on location is therefore required for those looking to develop new vegetable oil supply chains.

With reference to the biofuels, the demand for biodiesel and consequently UCO remains strong. Remarkable, in the light of the uncertain demand situation for fuels, but in line with the developments over the past months. Particularly the interest in smaller UCO tankage remains strong, especially in combination with discharging of flexibags. This mode of transport is very popular in this product group, but difficult to manage in practice: terminals rather not handle flexibags, and there is a risk of lost product due to inefficient

discharging methods. To cope with these enquiries, ODIN-RVB has developed relations with Dutch suppliers able to take the logistics and unpacking of flexibags out of your hands. Interested? Please feel free to reach out to discuss the possibilities.

For FAME, the demand situation remains unchanged: high demand for heated tanks in the ARA(G) region. The availability situation, in light of the uncertainties in the market, is not likely to change as parties with tankage are using their rights of extension. Those looking to secure tankage either have to wait for 'surprise opportunities' or engage in discussions on the long term. On the latter, in late 2021 we expect interesting options to become available for large flows of biodiesel in the ARA-region. Happy to connect those on the market for tankage for their future needs.

Chemicals

The general tendency in the chemicals' storage market remains unchanged; continuity for existing long term contracts (renewals) and a reasonably high supply for spot. One product group stands out however: ethanol. A few newsletters ago, we described the developments in the ethanol section under the heading of chemicals. Again, demand is booming: there is an abundance of storage requests, particularly in the ARA region, but with limited supply. Some terminals consider storage of ethanol in mild steel a risk, though it is not a key requirement for all types, which again limits the supply. Key for those in demand of ethanol storage, is to be aware that you as cargo owner may be asked to place a deposit/bank guarantee for the excise value with the local customs department. For those willing to consider this, there are still opportunities to be had.

With market developments being in favor of certain (fuel connected) aromatics storage, we do foresee decent sized positions available both in the USG and ARA regions. As such, should you be in need of storage for your chemicals feel free to reach out to us. Especially for projects with a start aimed at Q1 2021; now is the time to act!

Below you find a snapshot of available storage opportunities around the world. Please don't hesitate to ask us for your specific requirements since the list doesn't include every opportunity there is and we are ready to find you a suitable solution. We also ask the terminal operators to keep informing us of upcoming opportunities and we can assist you to find the most suitable customer.

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

-----Belgium/Netherlands-----		
diesel/biodiesel (heated/non-h)	ARA	now - Q1 2021
cpp/light ends	ARA	now - Q1 2021
dpp/fuel oil (heated)	ARA	Q4 2021
chems/various	Belgium/Netherlands	now - Q2 2021
vegoils (heated/non-heated)	Belgium/Netherlands	now - Q1 2021
bitumen	Netherlands	now
-----North Europe-----		
diesel/biodiesel	Germany (North)	Q1 2021
diesel/gasoil	Germany, River Rhine	now
chems/various	Germany, River Rhine	now
chems	Germany, River Rhine	Q1 2021
chems/vegoils	UK (West Coast)	now

diesel/gasoil	UK (West Coast)	Q4, 2020
chems/various	UK (West Coast)	Q1 2021
diesel/gasoil	UK (West Coast)	Q2 2021
light ends	UK (West Coast)	Q3 2021
Crude / FO	UK (West Coast)	Q4 2021
chems/various	UK (East Coast)	now
specialty chems	UK (East Coast)	now
diesel/gasoil	Denmark	Q4, 2020
diesel/biodiesel	Norway	Q1, 2021
gas	Finland	now
crude	Finland	Q1 2021
diesel/gasoil	Estonia	now
vegoils/biofuels	Poland	Q4 2020
-----South Europe/Med/Black Sea-----		
light ends	France (North)	now
diesel/biodiesel (heated/non-h)	France (North)	now
vegoils (unh)	France (North)	now
light ends	France (South)	now
chems	France (South)	now
biofuels/chems	NW Spain	now
crude/cpp	NW Spain	Q4 2021
veg oil/fuel oil (heated)	South Spain	Q1 2021
chems/various	East Spain	Q2 2021
diesel/biodiesel	East Spain	Q4 2020
gasoil	NE Italy	Q2 2021
biofuels/chems	Croatia	now
crude	Croatia	Q2 2021
chems/diesel	Turkey	now
dirty petroleum prods	SE Turkey	now
chems/various	SE Turkey	Q3 2021
vegoils	Ukraine	now
chems	Russia (SW)	now
-----Africa-----		
chems	Egypt	now
chems	Kenya	now
chems	Tanzania	now
dirty petroleum prods	Mozambique	now
-----Middle East-----		
dirty petroleum prods	India (Gujarat)	now
bitumen	India (Gujarat)	now
chems/cpp	India (Gujarat)	now
chems/cpp	UAE	now
gasoil	UAE	now
biofuel/veg oils	UAE	now
easy chems/base oils	UAE	Q4 2021

-----Far East-----			
	chems	China (North)	now
	chems	China (South)	now
	chems	China (Gr. Ningbo)	now
Crude (heating/jetty 120 k DWT)		China (Gr. Ningbo)	now
	chems	China (Yangtze River)	now
	chems	China (Shandong)	now
	chems	Japan	now
	crude/dpp	South Korea	Q1 2021
	chems	Malaysia	now
-----North America (bbls)-----			
	chems	New Jersey	now
	easy chems/base oils	Indiana	now
	chems	Ohio	Q1 2021
	chems	South Carolina	now
Heavy crude/(bio)diesel		Louisiana	now
	chems	Louisiana	now
	chems/easy chems	Texas	now
	distillates	Texas	now
	chems/cpp	Texas	Q2/Q3 2021
	heavy naphtha	Texas	now
	black oil prods	Florida	Q4 2020
-----Central & South America-----			
	chems	Mexico	now
	chems/cpp	Puerto Rico	now
	diesel/gasoil	Colombia (caribbean)	now
	dpp/cpp	Colombia (caribbean)	now
	chems/cpp	Colombia (caribbean)	now
	diesel/gasoil	Argentina	now
	crude/cpp	Antilles	Q2 2021



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