Market Report

2021 – Week 04 – Edition #01

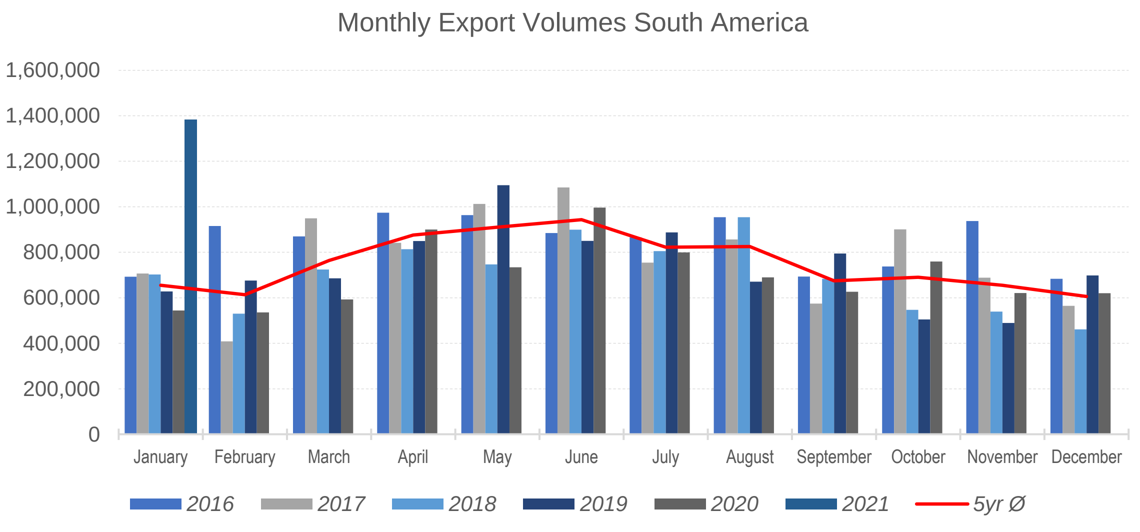
1/ VEGOILS – SOUTH AMERICA

SOAM Edible Update – volume fixed since our last report: **596.940 mt / YTD 1.261.010mt**

This year kicked off with a few very slow weeks in terms of new fixtures concluded for loading Vegoils or SME from Argentina and Brazil. Most traders were still licking their wounds from the long-lasting strikes in Argentina in December.

A lot of volume that was originally fixed for loading in December ended up being loaded in January, hence the list of new fixtures for January dates was quite short.
The 5-year average export volume in January is around 600.000 metric ton, this year the total export volume in January is close to 1.4 million metric ton.

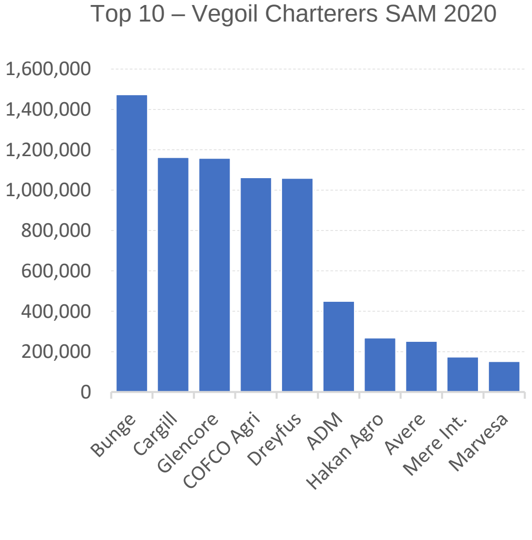
It is only the past week and this week that we have noted an increase in fixing activity. At the time of writing the only fixtures and outstanding enquiries are for Vegoils, no SME is being traded yet. India is the most popular destination on new business being concluded but China will start playing a more active role as a destination the coming months.

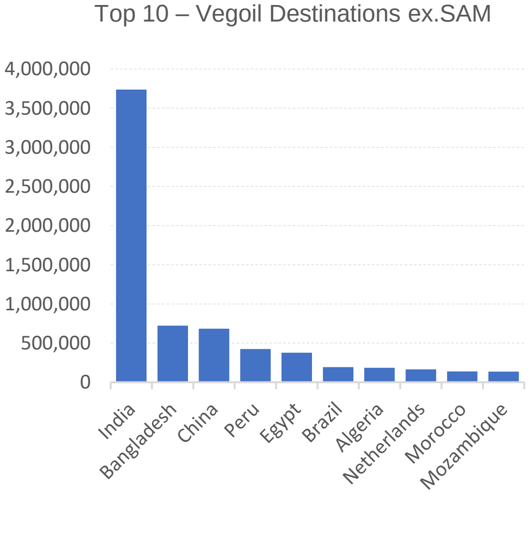


Vessel	*Quantity [mts]*	*Grade*	*Load Port*	*Discharge Port*	*Dates*	*Freight [USD]*
January						
Grand Ace 9	31,000	Vegoil	Argentina Upriver	India	18 – 25	High 30's 1/2
Sagami	27,000	Vegoil	Argentina Upriver	India	01 – 10	High 30's 1/2
UACC Ras Laffan	29,940	Vegoil	Argentina Upriver	EC Africa + India	02 – 09	High 30's 1/2
Condor Trader	4,000	Vegoil	Argentina Upriver	Brazil	Mid	RNR
Nord Skate	35,000	Vegoil	Argentina / Brazil	India	2nd Half	High 30's 1/2
Torm Alex	44,000	Vegoil	Brazil	India	End	High 30's 1/2
Chemstar River	18,000	Vegoil	Argentina Upriver	Med Options	End	Low / Mid 60's 1/3
Velebit	31,500	Vegoil	Argentina Upriver	India	15 – 25	Mid / High 30's 1/2
Clearocean Magic	31,000	Vegoil	Argentina Upriver	India	20 – 30	Mid / High 30's 1/2
February						
Strimon	40,000	Vegoil	Argentina Upriver + South	Iran	03 – 15	Low / Mid 60's
Clearlake TBN	32,000	Vegoil	Argentina Upriver	India	15 – 28	Mid / High 30's 1/2
Crimson Jade	32,000	Vegoil	Argentina Upriver	India	10 – 20	Mid / High 30's 1/2
Amadeus	31,000	Vegoil	Argentina Upriver	India	05 – 15	Mid / High 30's 1/2
Active	31,500	Vegoil	Argentina Upriver	India	01 – 10	Mid / High 30's 1/2
STI Benicia	40,000	Vegoil	Del Recalada	Redel India	01 – 07	10,500 p.d.
Alpine Link	31,000	Vegoil	Argentina Upriver	Iran	2nd Half	Around 70
Fairchem Blue Shark	15,000	Vegoil	Argentina Upriver	Med Options	Early	Low / Mid 60's
Doric Pioneer	31,000	Vegoil	Argentina Upriver	India	05 – 15	Mid / High 30's 1/2
NCC Haiel	30,000	Vegoil	Argentina Upriver	Egypt	01 – 05	Low 30's
Atlantic Grace	32,000	Vegoil	Argentina Upriver	India	10 – 17	Mid / High 30's 1/2

Freight rates have been moving sideways for the past weeks. CPP markets in the West have been trading in a similar pattern at very low TCE returns. Only the past few days have seen a small pick up in rates on some trade lanes, but the expectation is that rates won't climb much further and will likely continue a more sideways trend the coming weeks.

There will have to be a real change in the supply and demand situation to make a real change possible and with a big part of the world still in some form of lockdown due to Covid-19 that is an unlikely scenario.





Edible Oil / SME Freight Assessment	*This Week [USD]*	*Change [USD]*	*Trend*
Argentina - West Mediterranean 18-20,000mt 1/1	48 – 50	0	→
Argentina - West Mediterranean 25-30,000mt 1/1	30 – 32	0	→
Argentina - East Mediterranean 18-20,000mt 1/1	49 – 51	0	→
Argentina - East Mediterranean 25-30,000mt 1/1	31 – 33	0	→
Argentina - North West Europe 18-20,000mt 1/1 – Non Fosfa	50 – 52	0	→
Argentina - North West Europe 25-30,000mt 1/1 – Non Fosfa	35 – 36	0	→
Argentina - Caribs 18-20,000 mt 1/1	44 – 46	0	→
Argentina - US Gulf 30-32,000 mt 1/1	28 – 29	0	→
Argentina - India 30-32,000 mt 1/2	37 – 38	0	→
Argentina & Brazil - India 40-42,000 mt 2/2	34 – 35	0	→
Argentina - Iran 30-32,000mt 1/1	66 – 67	0	→
Argentina & Brazil - Far East 40-42,000 mt 2/2	46 – 47	0	→
Argentina & Brazil - China 40-42,000 mt 2/2 - CIQ	49 – 51	0	→

2/ VEGOILS – BLACK SEA

The volumes of sun oil from the Black Sea are monthly exceeding the volumes compared to the previous season, this is remarkable if we look at parameters; Covid-19, high sun oil prices, smaller expected crop compared to last year etc.

Freights rates for shipments in January were low compared to the average levels. Most of the cargoes in January originated from Nikolayev with over 250.000 metric tons.

Russia the world´s biggest wheat exporter was an early mover in bringing in measures to regulate and control export flows, following on from measures it had already imposed in the vegetable oil sector. Those measures follow on from the December 10 decision to implement a 30% export tariff for sunflower and rapeseed effective from February 9 to last until June 30.

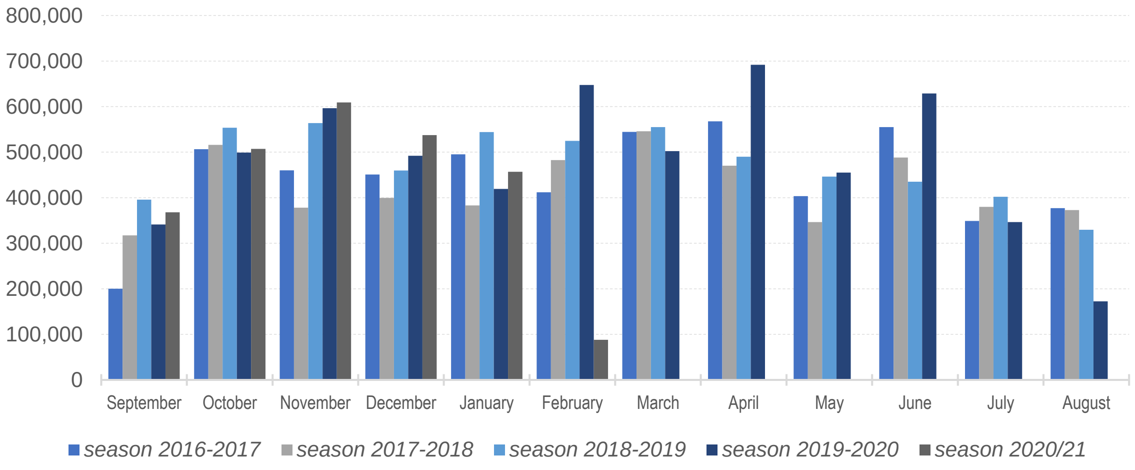
Therefore, Russia had a very low output of products to protect their own market and keep most of the product in the country instead of exporting it. Except for exports to Turkey which accumulated, but this is also due to a cut of import tax on sun oil in Turkey which came down from 36% to 10% to regulate local prices and secure enough supply for local refineries. Turkey is the main destination ex Russia in January with a total import of about 60.000 metric tons.

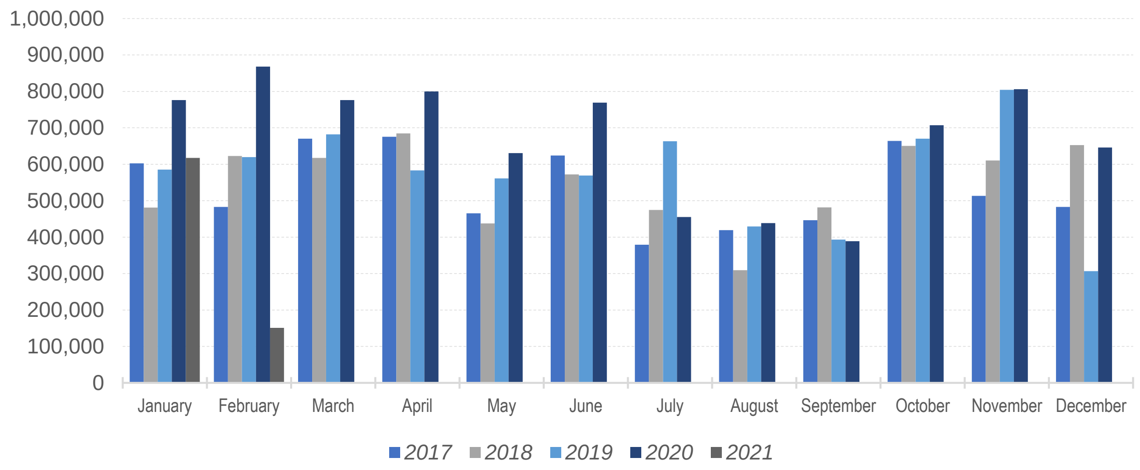
It is interesting to see, that most of the product went to China over India in total volume. This seems to become a trend because for February so far there are already a couple of China fixtures in the books but nothing to India yet.

Another interesting development is that Iran is becoming more and more back into play as destination. 3 MR's have been fixed for January dates ex B. Sea/E. Med region alone.

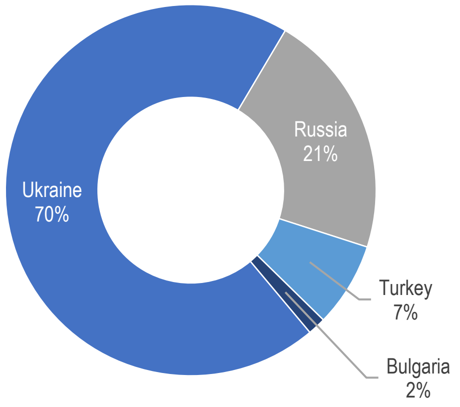
Biggest challenge for both the owners and the charterers will be the CPP market that went up by a lot of points (trading around WS 160) and the bunkers that are trading over 500 at Istanbul which were well in the 400 before. It means that MR and Handy size owners are definitely showing more bullish numbers to stay in the vegoil trade as the CPP market is overheated.

There is an influx of cargoes around in the East Med connected with bad weather and a sudden ice campaign at Nikolayev (which was cancelled in the meantime) which limited available tonnage. Charterers are pushing back dates to see if the stronger CPP market will hold or if it is just a temporary spike. Charterers are also already looking into smaller stems where these were more or less obsolete during the weak CPP market.

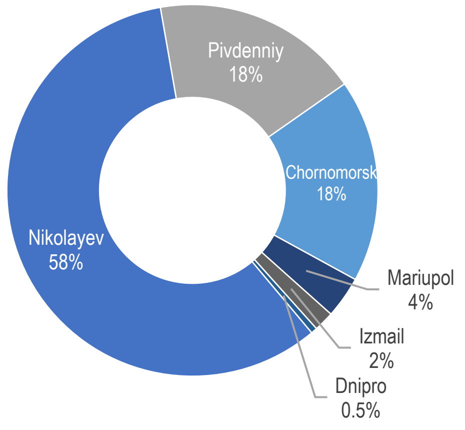




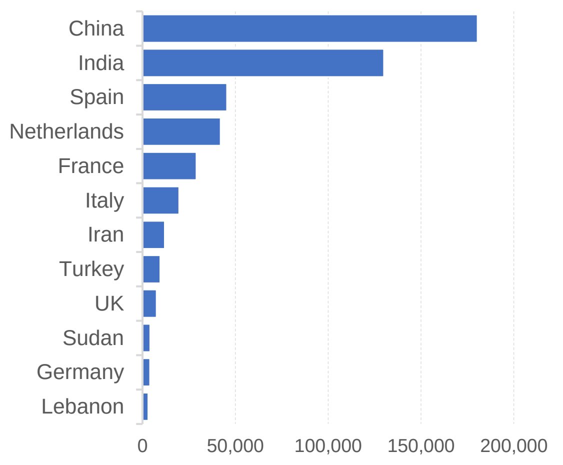
Export of Sun Oil by Country - January



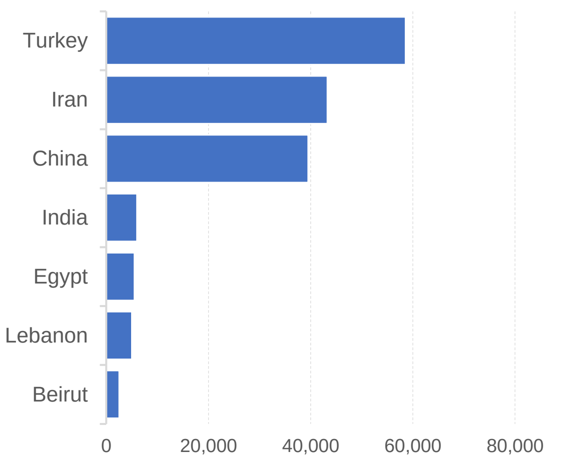
Ukraine export of Sun Oil by port - January



Ukraine Export by Destination - January



Russia Export by Destination - January



3/ PALMOIL – ASIA

Short Haul

Cargo movement to China has almost slowed down to a halt by now. Various Chinese ports are well stocked from all the aggressive importing that the country has been engaged in before export levies are increased in Malaysia & Indonesia. It is unlikely to see any increase in activities over the next few weeks as the Chinese took a long break for lunar new year falling in mid-February. The market can look forward to a possible restocking wave in March as the Chinese returns from the holidays.

As inventory level hits 1.8 million mt at India, cargo movement has been slow as well. On top of that, the anticipation of Indonesia raising its palm oil export duty in February has also kept palm oil player's buying intention in check. Tonnage is ample in first half February with most owners struggling to find employment for their palm oil carriers, exerting downward pressure on freight rates.

Long Haul

The Palm market is fairly stagnated both long and short haul at the moment leading to drop-in activity across the board. The high production prices were affecting the fob rates and January briefly saw rates hit the 4,000-ringgit per ton mark. A lack of manpower through COVID-19 related issues and high rainfall were blamed for this initially. However, the main contributing factor of this stagnation is both Malaysia and Indonesia introducing large export levies making palms very unattractive to ship in January and February even with a relatively low freight market.

This has in turn caused many dedicated palm ships to struggle for both full or part cargo and has pushed freight rates down. Many expect the product price to reduce and demand to pick up by March but for many owners this is still a long way off and need a need to look for alternative employment options is high. But when the spot market does return some predict it may come back with some veracity due to the length of this extended down period but for now it feels a little bit like waiting for the rains in the desert.

The other issue facing owners currently is the steady rise in bunkers month on month pushing earnings lower and lower. Some commentators are saying that this may halt as the northern hemisphere comes into springtime, but this is still a way off and any respite can't come soon enough.

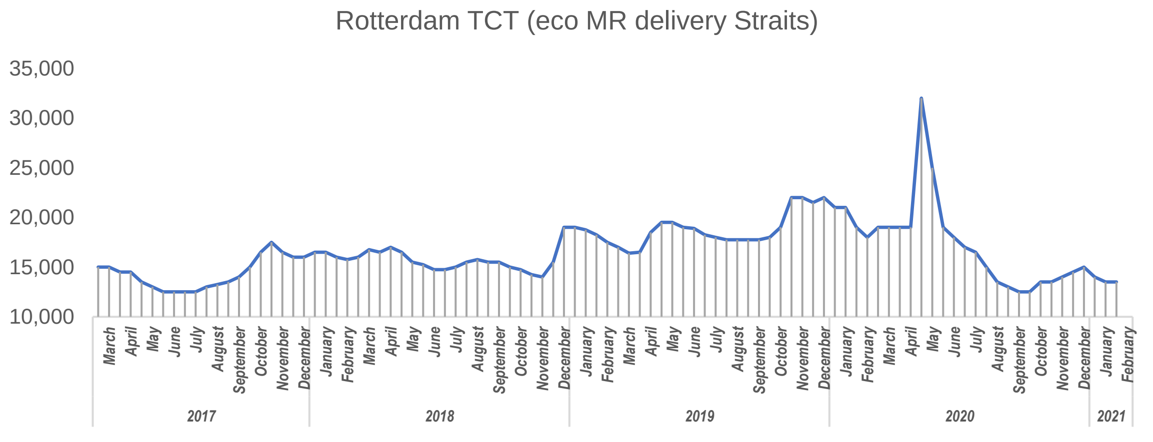
Vessel	*Quantity [mts]*	*Grade*	*Load Port*	*Discharge Port*	*Dates*	*Freight [USD]*
January – Short Haul						
Hannah	10,000	CPO	Bintulu	EC India	01 – 15	22.50
Southern Condor	10,000	Palms	Lahad Datu	Anping + Taichung	14 – 20	25.50
Torm Agnes	25,000	Palms	Straits	Gela	19 – 23	1.45M L/S
Leon M	12,000	Palms	Straits	EC India	2nd Half	Low-Mid 20's
Banglar Agrajatra	20,000	Palms	East Malaysia	Kandla	End	Low 20's
February – Short Haul						
Southern Vulture	14,000	Palms	Lahad Datu	Anping + Taichung	16 – 22	23.00 1/2
GMS TBN	15,000	Palms	Bontang	South China	DNR	21.00

Vessel	*Quantity [mts]*	*Grade*	*Load Port*	*Discharge Port*	*Dates*	*Freight [USD]*
January – Long Haul						
Wenche Victory	42,000	CSS	Tianjin	Gladstone	19 – 23	19.75
Songa Pride	40,000	UCOME/ UCO	China	ARA	10 – 20	1.85M L/S
Furevinga	16,500	UCO/ UCOME	M.China + Pyeongtaek	Med/Cont	18 – 23	RNR
Mearsk TBN	35-37,000	POP	Straits	Black Sea	15 – 20	38.00
Tivoli Park	18,500	POP	Straits	WMed + Cassa	25 – 30	63.00 – 64.00 2/3
Arcadia Park	18,500	POP	Straits	ARA	20 – 30	61.00
Sloman Hera	15,000	UCO/ UCOME	China	Spain / ARA	01 – 10	73.00
Chem Jupiter	5,700	UCO	Huangpu	Malaga	01 – 15	RNR
Mol TBN	4,000	UCOME	Korea	USWC	01 – 10	High 70's
Thelma Victory	42,000	POP	Emaly Straits	Med / Cont	01 – 11	RNR
Dvina Gulf (Failed)	35,000	POP	Straits	Italy	20 – 30	1.45M L/S
ACE TBN	4,500	UCO	N.China	Bilbao	20 – 30	Abt 100.00
February – Long Haul						
Stolt Efficiency	5,200	UCO	Huangpu	Malaga	05 – 15	96.00
Chem Ranger	2,000	Glycerine	Straits	Rotterdam	01 - 10	Mid 90's

Destination Freight Matrix in USD (25 January – 21 February

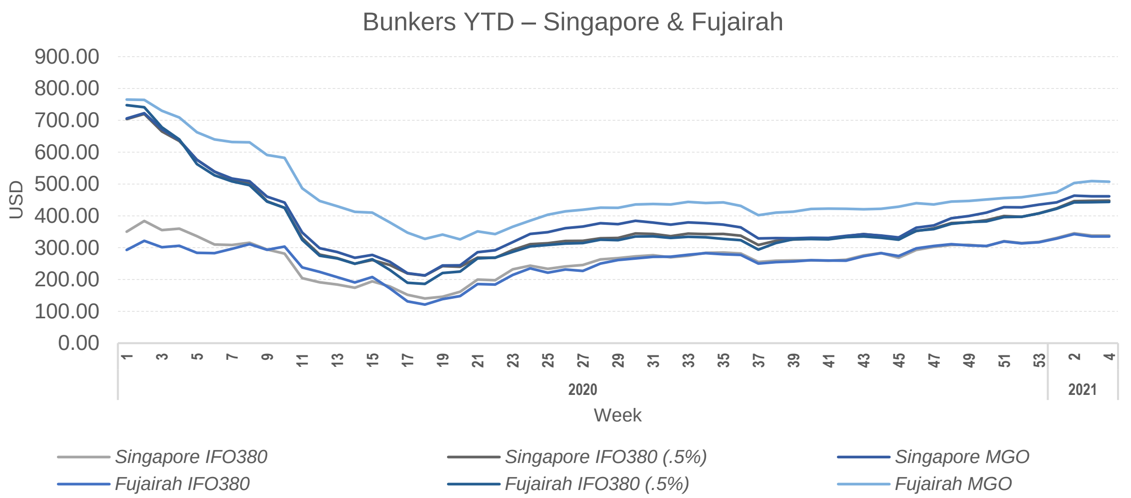
Destination (ex. Straits)		*QTY*	*Base Rate current week 1/1*	*Forecast Base Rate 1/1*	*Add Port within range*	*Add Port cross range*	*Add Port outside range*	*Add Freight Heat / N2*
India	East Coast	6-8kt	26.00	26.00	1.50	2.50	3.00	3.00
		8-10kt	25.00	25.00	1.50	2.50	3.00	3.00
		10-12kt	24.00	24.00	1.50	2.50	3.00	3.00
		12-15kt	23.00	23.00	1.50	2.50	3.00	3.00
	West Coast	12-15kt	26.00	26.00	1.50	N/A	3.00	3.00
		15-20kt	25.00	25.00	1.50	N/A	3.00	3.00
Bangladesh	Chittagong	6-8kt	26.00	26.00	1.50	N/A	3.00	3.00
		8-10kt	25.00	25.00	1.50	N/A	3.00	3.00
Pakistan	Karachi / Port Qasim	20-25kt	22.00	22.00	1.50	N/A	3.00	3.00
		25-30kt	21.00	21.00	1.50	N/A	3.00	3.00
		30-35kt	20.00	20.00	1.50	N/A	3.00	3.00
		35-40kt	19.00	19.00	1.50	N/A	3.00	3.00
China	South China	10-12kt	25.50	25.50	1.50	2.50	3.00	3.00
		12-15kt	24.50	24.50	1.50	2.50	3.00	3.00
	Mid China	10-12kt	31.50	31.50	1.50	2.50	3.00	3.00
		12-15kt	30.50	30.50	1.50	2.50	3.00	3.00
	Mid River	10-12kt	33.00	33.00	1.50	2.50	3.00	3.00
		12-15kt	32.00	32.00	1.50	2.50	3.00	3.00
	North China	10-12kt	34.50	34.50	1.50	2.50	3.00	3.00
		12-15kt	33.50	33.50	1.50	2.50	3.00	3.00
Korea	Onsan/Ulsan	4-5kt	39.00	39.00	1.50	N/A	3.00	3.00

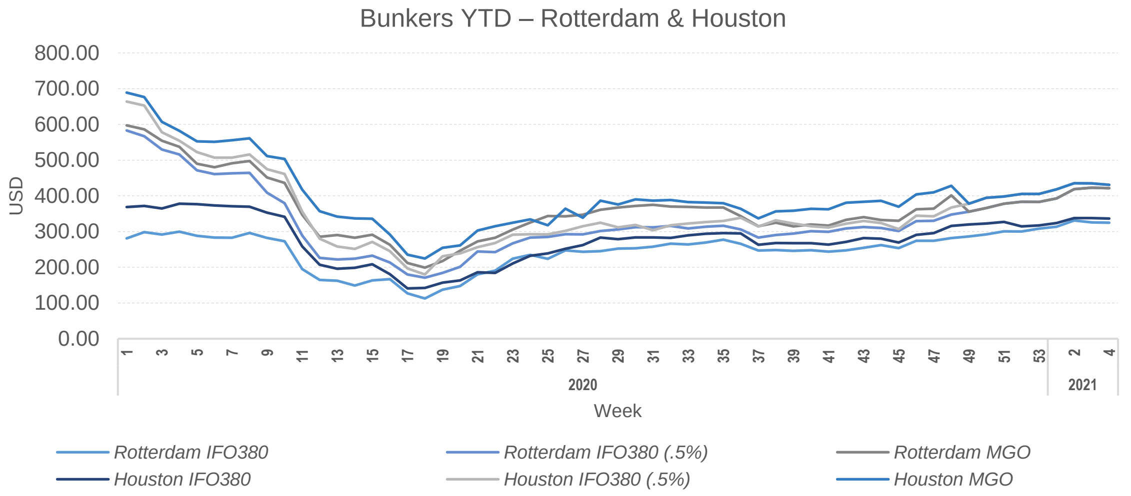
Vessel	*Size*	*Trip*	*Delivery*	*Re-Delivery*	*Dates*	*T/C Rate [USD] pday*
January						
Ardmore Defender	38,000	TCT	Philippines	Med/Cont/US	01 – 10	16,000
Aspen Express	42,000	TCT	East Malaysia	Med/Cont/US	20 – 30	14,000
Navig8 Alabaster	37,000	TCT	East Malaysia	Med/Cont/US	05 – 15	12,850
Wisco Adventure	42,000	TCT	China	Med/Cont/US	15 – 30	14,000
Largo Evolution	42,000	TCT	Straits	Med/Cont	20 – 30	13,500
St Nicolai	42,000	TCT	China	Med/Cont	25 – 30	14,000
Navig8 Gladiator	50,000	TCT	Straits	Med/Cont	2nd Half	14,500



Vessel	*Delivery*	*Re-Delivery*	*T/C Rate [USD] pday*	*Trend*
MR (Eco but NON Scrubber)	Last Port	Med / Cont / US Gulf	13,500 – 14,500	↘

Freight Assessment per Discharge Area	*Quantity Range*	*Freight pmt [USD]*	*Trend*
Rotterdam - Part Space	5-15,000	45 – 50	→
Rotterdam - Part Space	15-25,000	40 – 45	→
Rotterdam 2/1 - FOSFA	40-42,000	39 – 41	↘
Italian Med (IMO3) 2/3 - NOBL	40-42,000	39 – 41	↘
Span Med (IMO3) 2/4 - NOBL	35-40,000	41 – 44	↘
West Med (IMO2) 2/2 - FOSFA	18-20,000	60 – 65	→
East Med - Black Sea	12-18,000	57 – 64	→
Black Sea	25-35,000	37 – 40	→
US Gulf – US Atlantic Coast (IMO3) 2/1	35-39,000	44 – 50	↘
West Africa (IMO3) 2/2	25-30,000	44 – 50	↘


Bunkers YTD – Singapore & Fujairah
900.00
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
0.00
USD
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53 2 4
2020
2021
Week
Singapore IFO380
Singapore IFO380 (.5%)
Singapore MGO
Fujairah IFO380
Fujairah IFO380 (.5%)
Fujairah MGO


Bunkers YTD – Rotterdam & Houston
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
0.00
USD
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53 2 4
2020
2021
Week
Rotterdam IFO380
Rotterdam IFO380 (.5%)
Rotterdam MGO
Houston IFO380
Houston IFO380 (.5%)
Houston MGO

4/ LOCAL NEWS

Biggest Dutch project for CO_2 reduction, Porthos, is on schedule

Porthos, the project for CO_2 capture and storage in Rotterdam, is on schedule to store an annual amount of 2.5 million ton of CO_2 from the industry in empty gas fields beneath the North Sea as from 2024. By the end of last year, four companies registered for a total of €2 billion from the SDE++ scheme for the next 15 years. The final sum may be considerably lower, especially due to the rising price of emission rights (ETS) in the next 15 years. Capture and storage of CO_2 (Carbon Capture and Storage, CCS) is one of the cheapest ways to meet the climate targets in the short term.

Between 2008 and 2019, a total of approximately €4.5 billion in SDE funds was paid to many projects in the Netherlands. Because of these projects about 42 million ton of CO_2 less has ended up in the atmosphere1. With even less than half the sum, the Porthos project will realize an almost equally big reduction: some 37 million ton of CO_2 in a 15-year period. It is clear that CCS is the best way forward to make huge progress fast and relatively cheaply in meeting the climate targets. It is set out in the Dutch Climate Agreement that half of the industry's CO_2 reduction in 2030 will be achieved by CSS. As to the other half, the industry concentrates on efficiency, electrification, solar and wind farms, and green hydrogen. For many industry processes, however, there are not enough ways to reduce CO_2 emissions drastically in the short term.

It is expected that the subsidy will be granted to the four companies (Air Liquide, Air Products, ExxonMobil, and Shell) next spring. According to expectations, the permit procedures will be completed by late 2021. The companies will use 2021 especially to prepare for the construction of the capture plants. This year, the Porthos project organization (EBN, Gasunie, Port of Rotterdam Authority) will be working on the technical preparations of laying pipes on land and on the seabed, building the compressor station, and adjusting the platform at sea. The final investment decision for Porthos has been planned for 2022, after which the realization can proceed.

Major developments last year included submission of the Environmental Impact Assessment (EIA) and several permit applications, making arrangements between Porthos and the four companies that want to use the Porthos system, and the EU promise to contribute €102 million to the project.

5/ CHARTERING TEAM

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