Market Report

2021 – Week 18 – Edition #04

1/ VEGOILS – SOUTH AMERICA

SOAM Edible Update – volume fixed since our last report: **1.004.395 mt / YTD 4.621.063 mt**

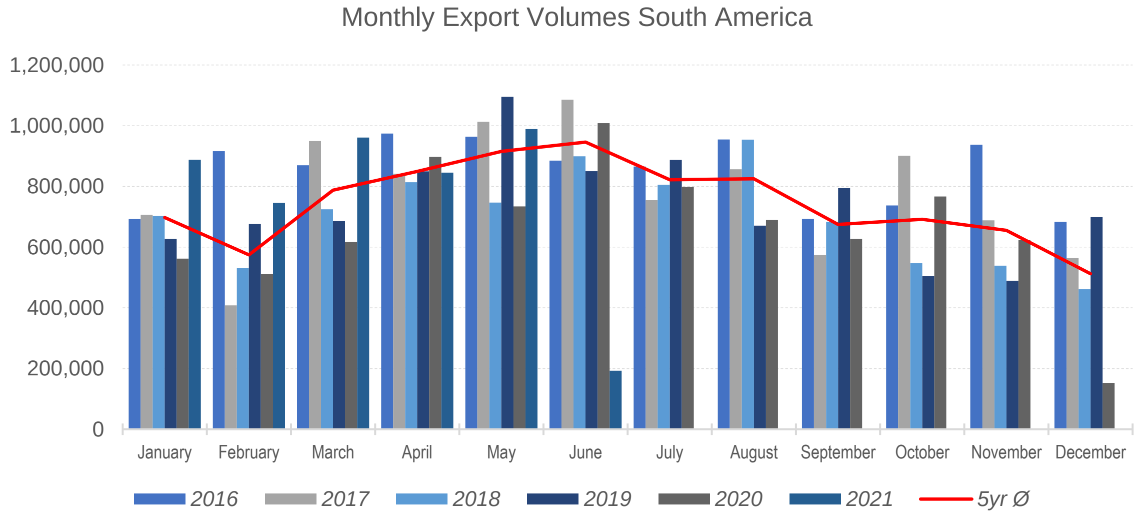
There is not much out of the ordinary to report when looking at the South American export market for edible oils and biodiesel.

The past month has seen another very healthy number of fixtures being concluded to all major destinations. India, China, North Africa and the A.G. for edible oils and NW Europe for SME.

SME exports seem to be picking up once more after a dry April month. For May loading around 100.000 metric ton have so far been reported fixed, including one stem by a trader that has not been active in this market before.

Market sources are indicating that there have already been sales for June concluded for around 200.000 metric ton.

The water levels in the Parana river have dropped again and the outlook for the coming months is that levels will not return to 34 feet. Water levels will remain volatile and below multiyear averages.

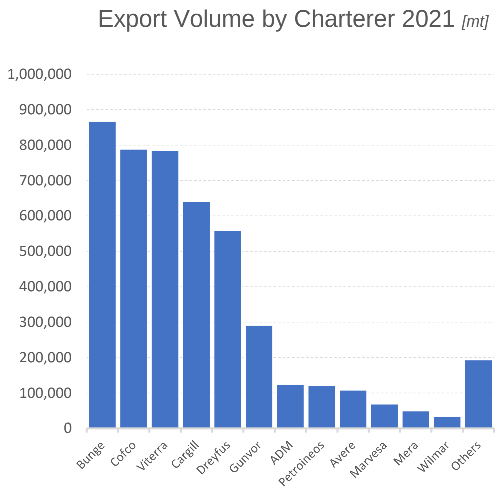


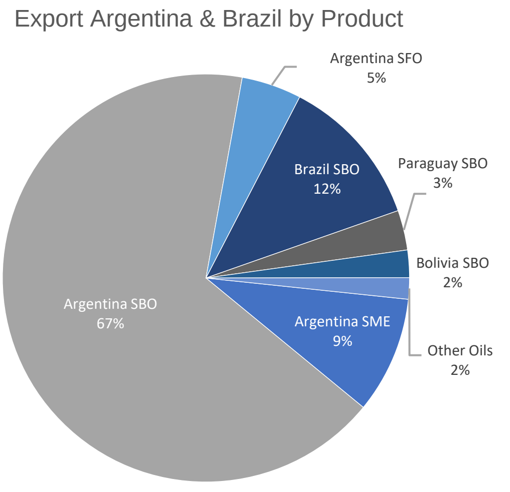
Vessel	Quantity [mts]	Grade	Load Port	Discharge Port	Dates	Freight [USD]
			May			
Verige	31,500	Vegoil	Argentina Upriver	Iraq	01 – 15	Around 40.00
Uzava	30,000	Vegoil	Argentina Upriver	Nigeria	20 – 30	Around 1M L/S
STI Venere	40,000	Vegoil	Del N. Brazil	Redel China	End May / Early June	16.500 p.d.
Ladon	38,000	Vegoil	South Argentina	Iran	03 – 20	High 60’s
Alpine Liberty	32,000	Vegoil	Argentina Upriver	Iran	01 – 15	Low 70’s
Nave Luminosity	32,500	Vegoil	Argentina Upriver	India	03 – 09	Low 40’s 1/2
Green Sky	40,000	Vegoil	Argentina Upriver	India	1st Half	High 30’s 2/2
Tenacity	30,000	Vegoil	Argentina Upriver	Iran	05 – 15	Around 2.3M L/S
MTM Singapore	19,000	Vegoil	Argentina Upriver	WC India	01 – 10	Low/Mid 40’s 1/1
Torm Horizon	32,000	Vegoil	Del Recalada	Redel India	01 – 10	13,500 p.d.
Pro Onyx	41,000	Vegoil	Del Brazil	Redel China	01 – 10	17,000 p.d.
Torm Thor	40,000	Vegoil	Del Vila do Conde	Redel China	05 – 10	17,500 p.d.
Agnes Victory	34,000	Vegoil	Argentina Upriver	India	10 – 20	Low/Mid 40’s 1/2
Swift Winchester	32,000	Vegoil	Argentina Upriver	India	10 – 20	Low/Mid 40’s 1/2
Alkaios	32,500	Vegoil	Argentina Upriver	India	10 – 20	Low/Mid 40’s 1/2
STI Regina	30,000	SME	Argentina Upriver	Cont	20 – 30	Around 800k L/S
Athina M	38,000	Vegoil	S. Argentina	Iran	20 – 30	Mid 60’s
Alpine Legend	32,000	Vegoil	Argentina Upriver	Iran	25 May – 05 June	Mid 70’s
STI Westminster	31,000	Vegoil	Argentina Upriver	India	20 – 30	Low/Mid 40’s 1/2
Stolt Strength	15,000	Vegoil	Argentina Upriver	Pasir Gudang	10 – 20	High 40’s
BW Cougar	19,500	Vegoil	Paranagua	Algeria	05 – 10	Low 40’s
Pacific Gold	32,000	Vegoil	Del ECSAM	Redel India	10 – 20	13,500 p.d.
RHL Dresden	7,500	Vegoil	Paranagua	Cuba	01 – 10	Mid 90’s
Scot Bayern	7,500	Vegoil	Paranagua	Cuba	05 – 15	Mid 90’s
Stavanger Pioneer	40,000	Vegoil	Argentina / Brazil	China	10 – 20	Mid/High 50’s
NCC Haiel	32,500	Vegoil	Argentina Upriver	WC India	18 – 26	Low/Mid 40’s 1/2
STI Amber	32,000	Vegoil	Argentina Upriver	WC India	10 – 15	Low/Mid 40’s 1/2
GW Dolphin	32,000	Vegoil	Argentina Upriver	WC India	25 – 31	Low/Mid 40’s 1/2
Navigare Pars	26,000	SME	Argentina Upriver	Cont	Early	Around 800k L/S
Atlantic Pride	24,000	SME	Argentina Upriver	Cont	Early	Around 800k L/S
Xena	18,000	Vegoil	Argentina Upriver	Peru	05 – 15	Mid/High 40’s
Lincoln Park	12,000	Vegoil	Argentina Upriver	Peru	10 – 20	Low/Mid 50’s
Celsius Manhattan	16,300	Vegoil	Argentina Upriver	Brazil+Caribs	01 – 10	Low 50’s
Bow Architect	19,000	Various	Argentina Upriver	Cont	08 – 18	Around 1M L/S

Freight levels have been moving sideways for the past weeks. For the coming weeks we don’t see a lot of downward potential. If rates move the likely scenario is upwards.

CPP markets in the West are showing signs of firming. Export volumes from the US Gulf are increasing and most of the spot tonnage has been fixed away. Given the laws of supply and demand the shortening tonnage list means rates should move up. Obviously, we are not in possession of a perfectly working crystal ball but given how poor CPP rates have been the past months it is clear owners will really start pushing for better rates as soon as they have the opportunity.

If rates from South America will follow suit, in case of a firming CPP market, depends on the number of stems traders will have available for June loading. At the time of writing there are a few stems quoted for June dates, but we doubt that the volume being quoted now is enough to drive rates up.





Edible Oil / SME Freight Assessment	*This Week [USD]*	*Change [USD]*	*Trend*
Argentina - West Mediterranean 18-20,000mt 1/1	47 – 49	0	→
Argentina - West Mediterranean 25-30,000mt 1/1	32 – 34	+1	→↗
Argentina - East Mediterranean 18-20,000mt 1/1	48 – 50	0	→
Argentina - East Mediterranean 25-30,000mt 1/1	33 – 35	+1	→↗
Argentina - North West Europe 18-20,000mt 1/1 – Non Fosfa	48 – 50	0	→
Argentina - North West Europe 25-30,000mt 1/1 – Non Fosfa	31 – 33	+1	→↗
Argentina - Caribs 18-20,000 mt 1/1	44 – 46	0	→
Argentina - US Gulf 30-32,000 mt 1/1	30 – 33	0	→
Argentina - India 30-32,000 mt 1/2	42 – 43	+1	→↗
Argentina & Brazil - India 40-42,000 mt 2/2	39 – 40	+1	→↗
Argentina - Iran 30-32,000mt 1/1	70 – 72	0	→
Argentina & Brazil - Far East 40-42,000 mt 2/2	49 – 51	+1	→↗
Argentina & Brazil - China 40-42,000 mt 2/2 - CIQ	56 – 58	+1	→↗

2/ VEGOILS – BLACK SEA

The total volume of vegetable oils fixed out of the Ukraine this season, up to and including April 2021, is close to 4 million ton, which is about 215.000 ton less compared to the last season from September 2019/April 2020.

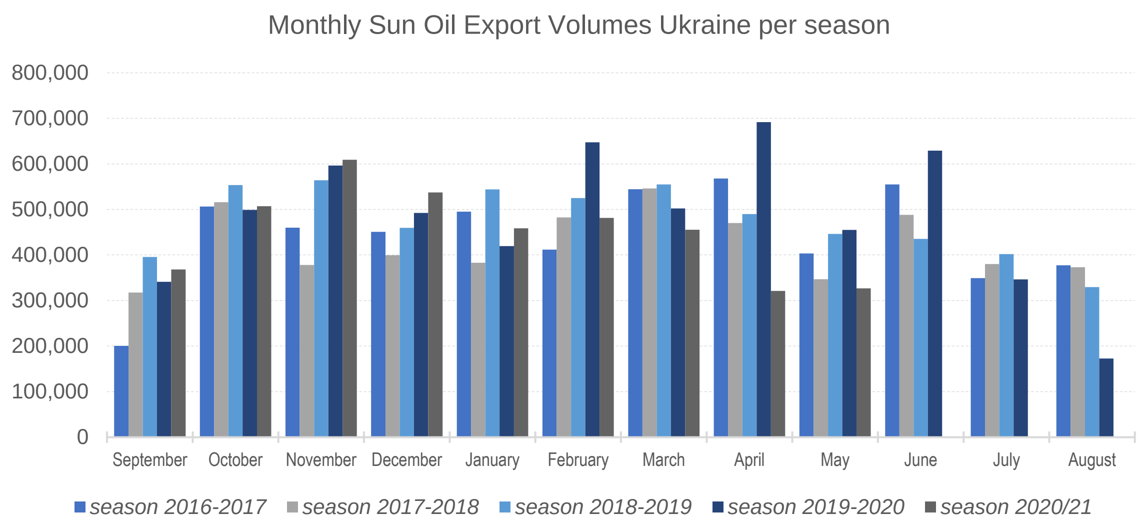
The export prospects for the rest of the season until the end of August is expected to underperform due to high prices of sun oil compared to soya oil and palm oil. Buyers have already shifted to soya oil and palm oil.

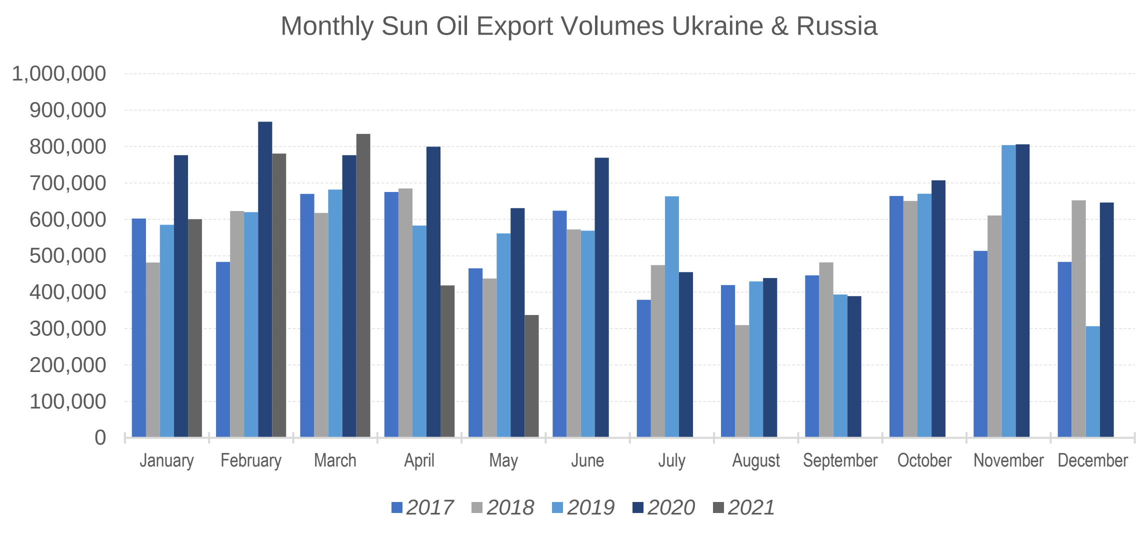
This may limit the exports during the summer months. Depending on the buying strategy of key consumers this may limit the upside potential of sun oil prices on the short term.

It also remains to be seen if prices will rise further from the already high levels in June/August. From the consumer point of view, it will make sense to shift their buying interest towards the new crop, which will start towards the 2nd half of September.

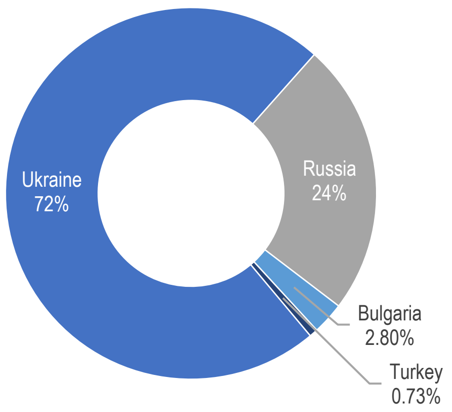
We expect an unusually tight 2020/21 season. (see below graphics with latest volumes ex Ukraine and Russia), we have noticed that the volumes are declining since January 2021.

In April we have seen the clean market cross-Med coming down slowly from WS 160 to WS 120, presently it might be hard for Owners to justify higher rates compared to last done levels. Freight rates will likely remain at the bottom on the short term.

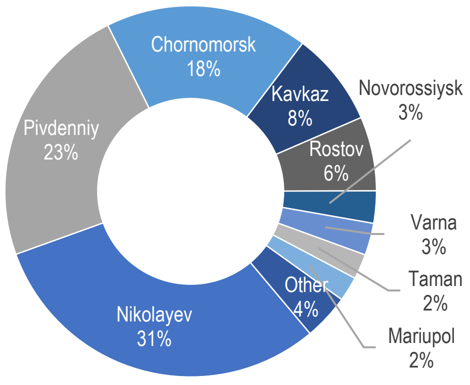




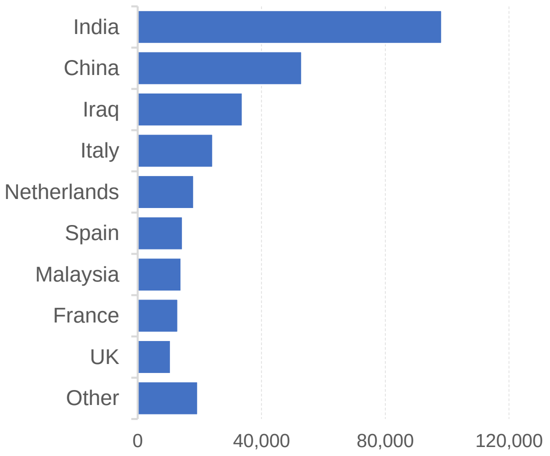
Export of Sun Oil by Country - April



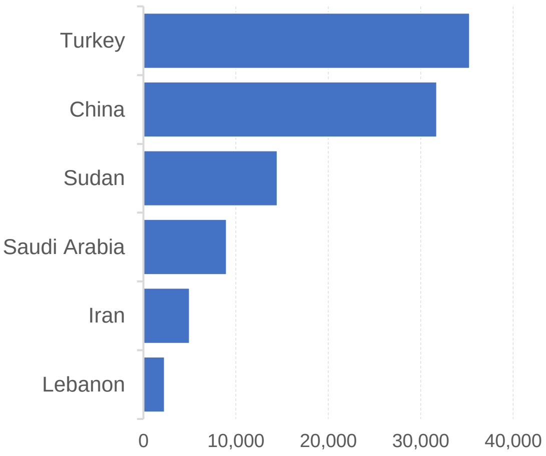
Sun Oil Export by port - March



Ukraine Export by Destination - March



Russia Export by Destination - March



3/ PALMOIL – ASIA

Short Haul

Demand for palm oil is firm during Ramadan and was originally expected to continue after with the subsequent replenishing of inventory. However, the 2nd wave of Covid-19 hit India even harder than before, leaving an air of uncertainty to the outlook of palm oil demand in the country.

While most Indian ports still allow operation of vessels as per normal (except for the possibility of manpower and trucking shortage), various palm oil load ports have adopted stringent measures on vessels coming from India. The common protocol is a 14-day period of quarantine for vessels coming from India before berthing is allowed. At this moment, these newly implemented measures to tackle Covid-19 does not seem like they will deter traders from selling palm oil to India, but the lack of demand from hotel, restaurants and cafés at India is still likely to affect sales.

Requirements are mostly concentrated in 2H May, but at this point, most vessels that were fixed to China or India during the palm oil hype in 1H April are back in the loading region way too early to catch the wave. These vessels that are open in early May are reportedly fixing at a slightly lower freight, but freight rates quickly bounced back to a higher level again due to the lack of vessel catering to various charterers' 2H May requirements.

Some owners have also started to offer higher rates to India due to the possibility of waiting at both load & discharge ports, however, these offers are not readily accepted by most charterers at the moment.

Long Haul

ECO MR trip palm rates from Asia remain steady around the 16,000 US Dollar per day mark, give or take USD 500 depending on consumptions and delivery areas. This has been due to a steady flow of FOSFA tonnage coming into the area and rates have stopped climbing because of a lacklustre month on the CPP markets.

IMO2 owners on the other hand have been having a better time, especially on stainless steel tonnage. The market has improved by a minimum of 10 US Dollar per metric ton from first quarter levels on almost all quantities. This has been driven by a pumping transpacific acid market and a very active UCO market from china to Europe.

We predict the market to stabilize around current levels due to supply now meeting demand although quite a few players are still booking space earlier than usual so forward dates can appear tight; but often more space appears after owners' contract quantities get declared.

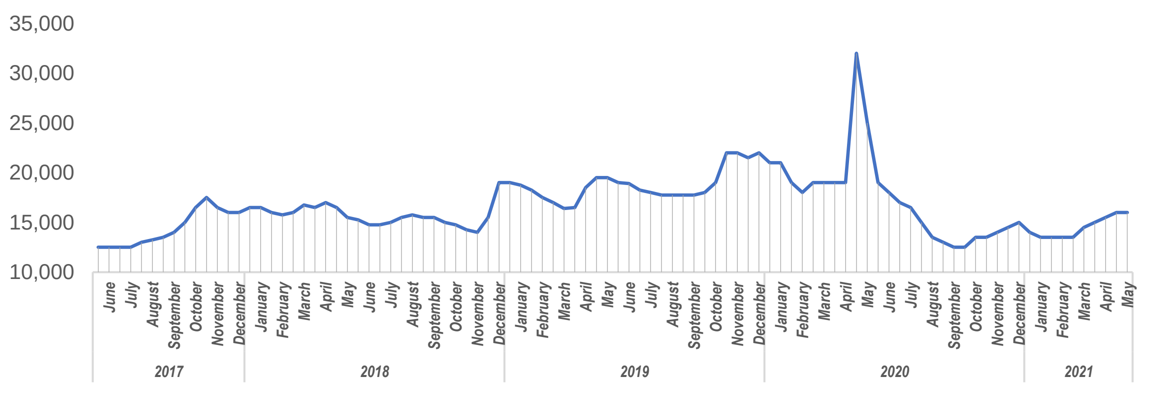
MR CPP owners are really hoping for a push on Far East activity as these levels do not bode well for the historically quieter summer months ahead. But as Europe eases covid restrictions we might see any potential uplift coming from the west this time around.

Vessel	*Quantity [mts]*	*Grade*	*Load Port*	*Discharge Port*	*Dates*	*Freight [USD]*
May – Short Haul						
DL Aster	12,000	Palms	Padang	EC India / Chittagong	Early	RNR
PVT Neptune	12,000	Palms	Kalimantan	Chittagong	09 – 15	Low 30's
Global Themis	15,000	Palms	Sandakan	Qinzhou	1st Half	Mid 20's
April – Long Haul						
Tivoli Park	18,500	POP	Straits	Spain + Rotterdam	15 – 30	89.00 2/2
Banglar Agrajatra	30,000	UCO / UCOME	China	ARA	10 – 20	68.00 3/3
NCC Najam	17,000	UCOME	S. China	ARA	15 – 30	RNR
Womar TBN	19,000	S.ACID	Saganoseki	Ramallo + SAN	22 – 31	85.00 1/2
Diamond T	16,000	UCO / UCOME	China + Straits	W. Med	20 – 30	RNR
Flora Express	40,000	Palms	E. Malaysia + Straits	Med / Cont / USA	01 - 10	RNR

Destination Freight Matrix in USD (02 – 30 May 2021)									
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	29.00	28.00	1.50	2.50	3.00	3.00
		8-10kt	28.00	27.00	1.50	2.50	3.00	3.00
		10-12kt	27.00	26.00	1.50	2.50	3.00	3.00
		12-15kt	26.00	25.00	1.50	2.50	3.00	3.00
	West Coast	12-15kt	29.00	28.00	1.50	N/A	3.00	3.00
		15-20kt	28.00	27.00	1.50	N/A	3.00	3.00
Bangladesh	Chittagong	6-8kt	29.00	28.00	1.50	N/A	3.00	3.00
		8-10kt	28.00	27.00	1.50	N/A	3.00	3.00
Pakistan	Karachi / Port Qasim	20-25kt	25.00	24.00	1.50	N/A	3.00	3.00
		25-30kt	24.00	23.00	1.50	N/A	3.00	3.00
		30-35kt	23.00	22.00	1.50	N/A	3.00	3.00
		35-40kt	22.00	21.00	1.50	N/A	3.00	3.00
China	South China	10-12kt	27.00	26.00	1.50	2.50	3.00	3.00
		12-15kt	26.00	25.00	1.50	2.50	3.00	3.00
	Mid China	10-12kt	32.00	31.00	1.50	2.50	3.00	3.00
		12-15kt	31.00	30.00	1.50	2.50	3.00	3.00
	Mid River	10-12kt	34.00	33.00	1.50	2.50	3.00	3.00
		12-15kt	33.00	32.00	1.50	2.50	3.00	3.00
	North China	10-12kt	37.00	36.00	1.50	2.50	3.00	3.00
		12-15kt	36.00	35.00	1.50	2.50	3.00	3.00
Korea	Onsan/Ulsan	4-5kt	43.00	42.00	1.50	N/A	3.00	3.00

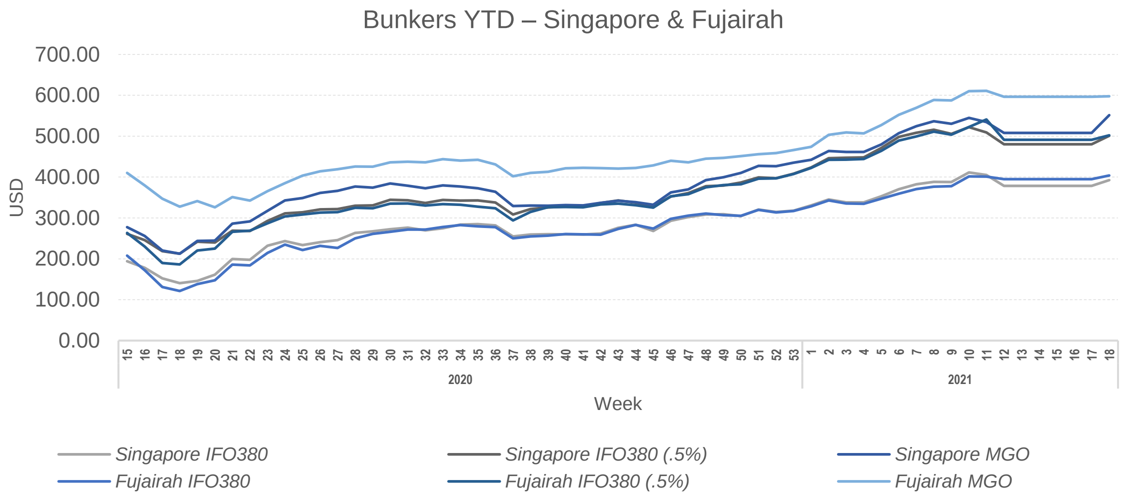
Vessel	*Size*	*Trip*	*Delivery*	*Re-Delivery*	*Dates*	*T/C Rate [USD] pday*
April						
Thelma Victory	42,000	TCT	Sandakan	USA	18 – 26	14,000
Nord Elegance	42,000	TCT	Huangpu	Med / Cont / USA	10 – 20	16,000
Blue Grass Mariner	42,000	TCT	S. Korea	Med / Cont / USA	05 – 15	15,000
Flora Express	42,000	TCT	S. Korea	Med / Cont / USA	01 – 10	15,500
Challenge Pollux	42,000	TCT	Tianjin	Med / Cont	10 – 20	13,250
Atlantic Grace	42,000	TCT	China	Med / Cont / USA	20 – 30	RNR
Ardmore Defender	35,000	TCT	Straits	Med / Cont	10 – 15	14,000

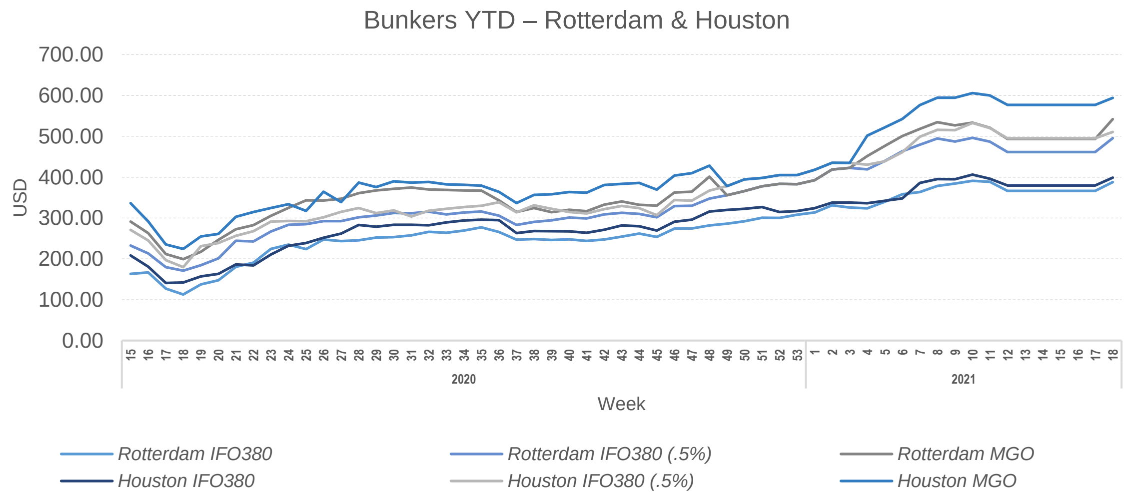
Rotterdam TCT (eco MR delivery Straits)



Vessel	*Delivery*	*Re-Delivery*	*T/C Rate [USD] pday*	*Trend*
MR (Eco but NON Scrubber)	Last Port	Med / Cont / US Gulf	15,500 – 16,000	→

Freight Assessment per Discharge Area	*Quantity Range*	*Freight pmt [USD]*	*Trend*
Rotterdam - Part Space	5-15,000	60 – 69	↗
Rotterdam - Part Space	15-25,000	50 – 60	↗
Rotterdam 2/1 - FOSFA	40-42,000	45 – 46	↗
Italian Med (IMO3) 2/3 - NOBL	40-42,000	44 – 45	↗
Span Med (IMO3) 2/4 - NOBL	35-40,000	43 – 44	↗
West Med (IMO2) 2/2 - FOSFA	18-20,000	78 – 85	↗
East Med - Black Sea	12-18,000	68 – 74	↗
Black Sea	25-35,000	40 – 43	→
US Gulf – US Atlantic Coast (IMO3) 2/1	35-39,000	45 – 50	↗
West Africa (IMO3) 2/2	25-30,000	58 – 62	↗





4/ TANKSTORAGE

Limiting global warming and the tank storage industry

If governments push to reduce fuel consumption to limit global warming, the global oil demand will reduce. To tackle greenhouse gas emissions by electrifying transport and industry oil consumption would begin a steep drop as early as 2023. Is that the beginning of overcapacity in the tank storage industry? Will all those petroleum tanks and terminals convert to store biofuels and ammonia or LNG? We might be at a turn, and we don't even realize it. Still, we see terminals being built to store the conventional products like gasoil & gasoline. Terminals are built for a 50-year lifespan but in the coming 50 years we expect a major change. Natural gas, the least polluting fossil fuel, can be expected to grow, however we don't see the same independent and competitive terminal assets available in today's market. Enough food for thought and keeping a close eye on developments in the storage business.

Oil Products

With WTI at $60.18 and Brent at $63.67, the wizards of this world project the oil prices to slip later this decade to crudes prices average $40 per barrel by 2030 and by 2050 to $10 - 18 a barrel. That sounds like a long backwardation, let's hope that is not true. A sharp fall in oil demand and prices in the coming decades would have a profound impact on major oil producers.

Gasoline is backwardated the balance of the year, however this product is less effected by opportunistic trade, since blending requires tanks and logistical solutions to get the best margins. Diesel has a short and small contango, which explains short term storage demands, but after October the curve changes. Fuel oil is sharply backwardated, in other words storage costs cannot be covered by the product price changes between now and the future.

If we adapt this information to the storage availability, we see indeed still diesel capacity coming available since contracts have not been extended. Some roll month-by-month, since the logistical costs to move product out of the tank is high as well compared to rolling and hoping for a better price next month. Gasoline storage opportunities can be found but floating roof capacity with blending capabilities is always looked at and shouldn't be staying empty for long, although the storage rates are for sure lower in today's market compared to last year. Fuel oil storage is still hard to find, since heated black tanks have been cleaned recently and are used for biodiesel since fuel oil storage is for some terminal operators not the future.

Biofuels

Feedstocks for biodiesel, such as used cooking oil are at high rates since the lack of containers and steep container rates, plus the lower supply due to Covid, have impacted heavily. For that reason, we see rented biofuel tanks currently empty. Those tanks or not in the HUB locations and cannot handle the larger bulk vessel which still ship the feedstocks. The tanks in the HUB locations, with heating and ideally a lot of different transport mode connections (rail/truck/flexi tank/container) are still in high demand. Especially for prompt start. Many terminals look at building / upgrading tanks for the biofuels market, however, to get a signed long-term contract for tanks which are only available in 1- or 2-years' time is not so easy. With all the changes in regulation / subsidies, this market is hard to predict. For that reason, the big players get bigger and smaller players we see quietly disappearing.

Vegetable Oils

This market is steady and apart from storage opportunities in outer ports or short-term subleases, we don't see a changing trend or remarkable difference compared to last months.

Chemicals

There are basically tanks available at all terminals in all locations. A perfect time to re-evaluate your contract portfolio. Tanks were rented at terminals without having alternatives, and for that reason, parties ended up renting the wrong tank size or at a less ideal location. Having options again, makes it for both the terminal and the product owner sense to evaluate the contracts. Terminals want throughput and customers which fit their business model in order to optimize the service and costs. Product owners want low costs but more importantly a smooth operation. The mismatches from historical hasty decisions are numerous. Time to have your broker assist you!

4/ LOCAL NEWS

Together ports can make the supply chain more reliable, efficient and sustainable

Although challenges still remain and a shift in market trends mean ports need to adapt in order to provide the best services to clients. This was the resounding message from two roundtables hosted by Port Technology International and the Port of Rotterdam

Participation of the two roundtables included senior executives and C-level members of ports from across the globe including the Port of Halifax, Port of Algeciras and Port of Vitoria. During the April roundtables the Port of Rotterdam outlined the results of its recent survey, 'reinvent your marketing efforts' in which it explored how ports see current market activities and what changes are taking place in the industry today.

Cargo owners

Today ports are increasingly recognizing cargo owners as an important client group to cater to. With this comes the need to easily find and compare options for transport and the need for transparency so cargo owners can see exactly where their products are at any given point on their journey, as is the case when consumers order from Amazon. Speaking during the roundtable, a representative from Hamburg Port Consulting concurred with Rotterdam that there has been a shift in recent years to focus on the cargo owners.

Routescanner

During the roundtable discussions it was highlighted that there needs to be more openness for ports to share data between each other in order to achieve this level of transparency. There is certainly a great deal of opportunity for this, starting with non-commercial data. The Port of Rotterdam also noted that there is a need for information to be supplied via neutral channels, for example through Routescanner which allows shippers and forwarders to plan routes via any port, not just the Port of Rotterdam.

It also allows plans to be made around the sustainability of a journey, which is a growing demand. Overall Routescanner adds value for the shippers and forwarders through showing connectivity of all ports.

5/ CHARTERING TEAM

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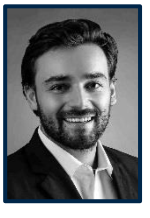

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