

# ODIN-RVB EUROPE

## Market Report

2021 – Week 22 – Edition #05

### 1/ VEGOILS – SOUTH AMERICA

SOAM Edible Update – volume fixed since our last report: **725.200 mt / YTD 5.346.263 mt**

The news from the South American export market for Vegoil and Biodiesel is being dominated by Covid-19, low water levels in Upriver Argentina and strikes by various key worker unions.

Covid-19 cases are on the rise in Argentina, and this is causing a lot of concern among oil workers and maritime unions. As these workers are considered essential, they are required to keep working but they are now strongly voicing their dismay at not getting vaccinated. This has resulted in various shorter strike actions in all major ports which have had a negative impact on the exports of all edible oils and biodiesel as well as having a slowing effect on the production of said oils.

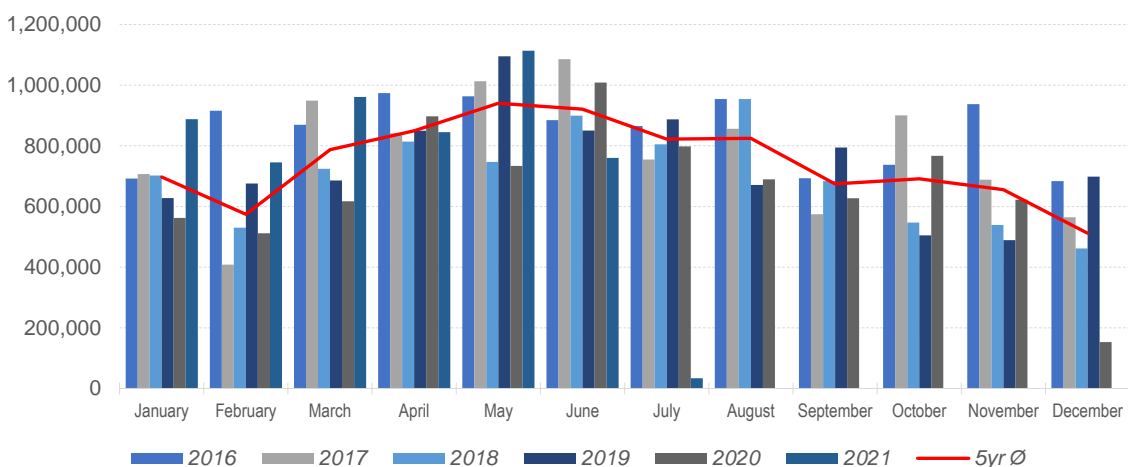
But even though it might seem all doom and gloom there have still been plenty of fresh fixtures reported in

the past weeks. The flow to China has almost dried up with only 1 vessel reported for loading in June and presently no outstanding enquiries. India remains the main destination for Edible oil and Europe the only destination when it comes to SME shipments.

An interesting move is that one 25kt lot of Vegoil has been reported fixed for loading in June to Spain, where it will be refined into SME and shipped to the United States.

We are all in favor of saving the planet and reducing carbon emissions and believe that biofuels have a place in the energy mix. A deal like this seems to burn a lot of extra carbon only for the purpose of avoiding import penalties. It does create extra volume for owners to ship so we doubt they will complain about it.

Monthly Export Volumes South America



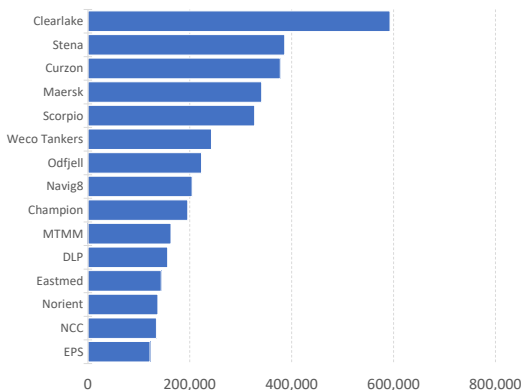
Vessel	Quantity [mts]	Grade	Load Port	Discharge Port	Dates	Freight [USD]
June						
Champion Pula	40,000	Vegoil	Argentina / Brazil	China	01 - 10	Mid 50's 2/2
Champion Pomer	32,000	Vegoil	Argentina Upriver	India	01 - 10	Low / Mid 40's 1/2
Targale	30,000	SME	Argentina Upriver	Cont	Begin	Around 800k LS
Ardmore Endurance	30,000	SME	Argentina Upriver	Cont	Begin	In House
Largo Sun	31,000	Vegoil	Argentina Upriver	India	01 - 10	Low / Mid 40's 1/2
Strimon	40,000	Vegoil	Argentina Upriver	Iran	01 - 10	RNR
Fairchem Endurance	24,000	Vegoil	Argentina / Brazil	Korea	20 - 30	Low 50's 1/1
Navig8 Almandine	20,000	Vegoil	Argentina Upriver	Korea	01 - 10	High 50's 1/1
Yufu Crown	40,000	Vegoil	Argentina Upriver	WC India	12 - 22	Low 40's 2/2
Pacific Cobalt	28,500	Vegoil	Argentina / Brazil	Egypt	01 - 10	Low 40's 2/2
Louie	27,000	Vegoil	Argentina Upriver	Algeria	01 - 10	Low 30's 1/1
TRF Bergen	27,000	Vegoil	Argentina Upriver	India	10 - 20	Mid 40's 1/2
Stena Concoror	33,700	Vegoil	Argentina Upriver	India	05 - 15	Low / Mid 40's 1/2
MTM Colorado	31,000	Vegoil	Argentina Upriver	India	18 - 28	Low / Mid 40's 1/2
Alpine Light	30,000	Vegoil	Argentina Upriver	Iran	10 - 20	Around 80 1/1
GW Dolphin	32,000	Vegoil	Argentina Upriver	WC India	01 - 06	Low / Mid 40's 1/2
STI Mereaux	30,000	Vegoil	Argentina Upriver	WC India	05 - 15	Low / Mid 40's 1/2
STI Bronx	30,000	SME	Argentina Upriver	Cont	10 - 20	Around 850k L/S
STI Soho	40,000	Vegoil	Argentina Upriver	Redel India	01 - 07	14,500 p.d.
Dignity	30,000	Vegoil	Del Recalada	Iran	20 - 30	Low 80's 1/1
Clearocean Mary	29,800	Vegoil	Argentina Upriver	India	15 - 25	Low / Mid 40's 1/2
Bow Platinum	21,000	Vegoil	Argentina Upriver	India	2 <sup>nd</sup> Half	Mid / High 40's 1/2
Bow Capricorn	30,000	SME	Argentina Upriver	Cont	10 - 20	825,000 L/S

Freight levels have been moving more or less sideways the past few weeks. But looks can be deceiving because of the low water levels in the Parana River traders have started to work on much lower intakes compared to before, hence reducing the earnings for owners.

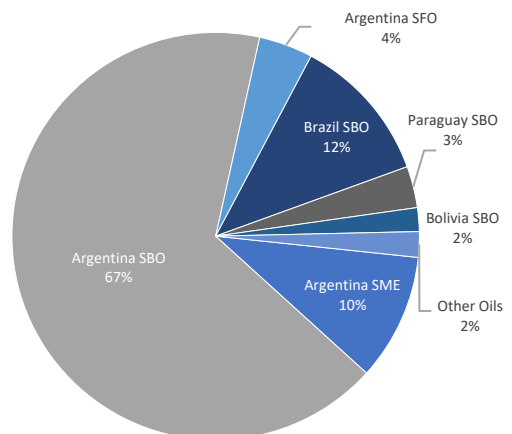
The only reason we are not more bearish on rates from Argentina is the low water levels/lower intakes and the still limited supply of vessels because of slow offtake in Brazil due to Covid.

There is not so much backing for owners at this time from the CPP markets. These have been going sideways for some time as well and bar any freak events the outlook remains flat.

Top 15 Carriers ex ECSA 2021 [mt]



Export Argentina & Brazil by Product



<i>Edible Oil / SME Freight Assessment</i>	<i>This Week [USD]</i>	<i>Change [USD]</i>	<i>Trend</i>
Argentina - West Mediterranean 18-20,000mt 1/1	47 – 49	0	→
Argentina - West Mediterranean 25-30,000mt 1/1	32 – 34	0	→
Argentina - East Mediterranean 18-20,000mt 1/1	48 – 50	0	→
Argentina - East Mediterranean 25-30,000mt 1/1	33 – 35	0	→
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	48 – 50	0	→
Argentina - US Gulf 30-32,000 mt 1/1	30 – 33	0	→
Argentina - India 30-32,000 mt 1/2	43 – 44	+1	→↗
Argentina & Brazil - India 40-42,000 mt 2/2	40 – 41	+1	→↗
Argentina - Iran 30-32,000mt 1/1	75 – 80	+2	→↗
Argentina & Brazil - Far East 40-42,000 mt 2/2	47 – 49	-2	→↘
Argentina & Brazil - China 40-42,000 mt 2/2 - CIQ	50 – 52	-2	→↘

## 2/ VEGOILS – BLACK SEA

Ukrainian sun oil exports are expected to fall short of the final agreed export quota for the 2020/21 marketing year, as a combination of high prices and Covid-19 based demand destruction cut buying from importing nations.

Exports since the September start of the marketing year through to the end of May have reached 4.1 million mt, according to a combination of official customs data and line up data, which would represent a 10% decrease on the same period last year.

Sun oil exports over the remaining three months of the 2020/21 marketing year are expected to come in at 950.000 mt, taking the total to 5.1 million mt this year.

The fall in exports is the consequences of several factors. The decline in the harvest is the main reason, but there are also other factors such as low demand and currently weaker prices. Another explanation is the problems at the Suez Canal, after the container ship Ever Given got stuck and blocked the canal in late March, causing a built up in shipping and significant delays that have slowed sales to India and China.

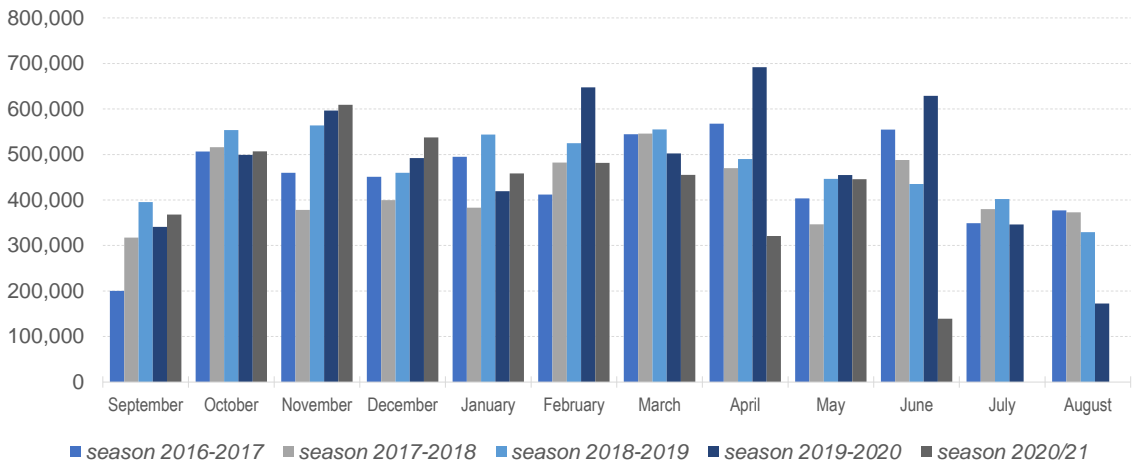
Sun oil exports in May reached 446.000 mt and the expectation is to tail off to 365,000 mt in June, 275,000 mt in July and some 173,000 mt in August.

The decline in exports is due to the reduction of imports by the main buyers. High stocks of sun oil there and Covid-19 led to a decrease in demand from India. China had excess stocks in November-December last year, and hopefully they will start buying soon.

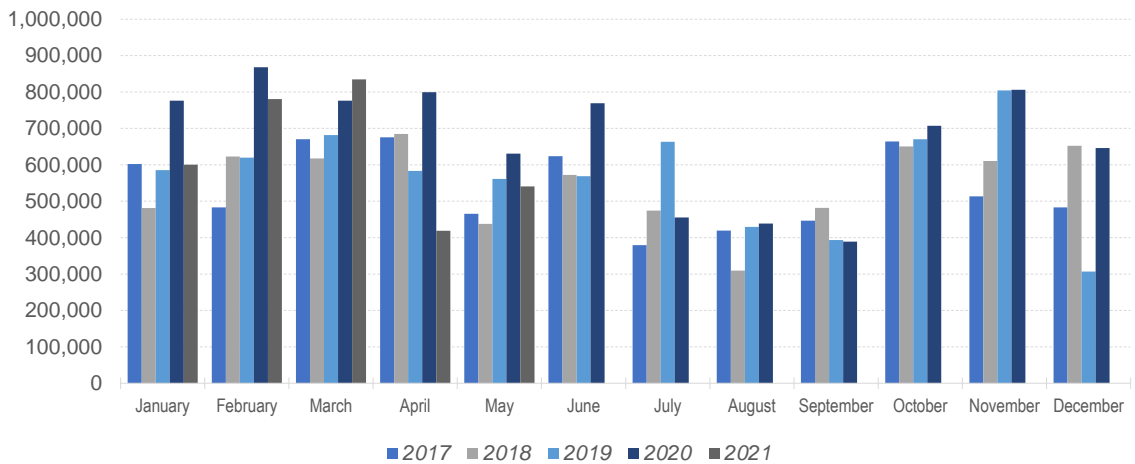
The CPP Market X-Med and ex Black sea was firm in week 21 with WS 180 X-Med and WS 190 ex Black Sea. But at the time of writing in week 22 the market is back again at WS 155, reason being that the W-Med was well supplied which resulted in lower numbers X-Med and ex Black Sea.

Please find export data in below graphics and we noticed the slow export now ex Russia due to the new introduced export tax on sun oil. May exports ex Ukraine were pretty much the same compared to the same period in the previous year.

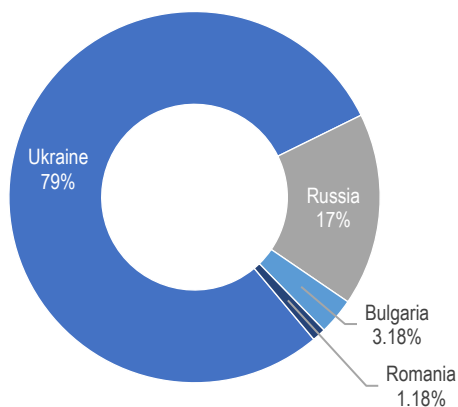
Monthly Sun Oil Export Volumes Ukraine per season



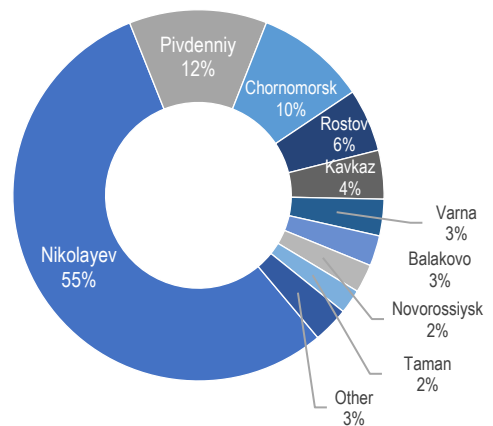
Monthly Sun Oil Export Volumes Ukraine & Russia



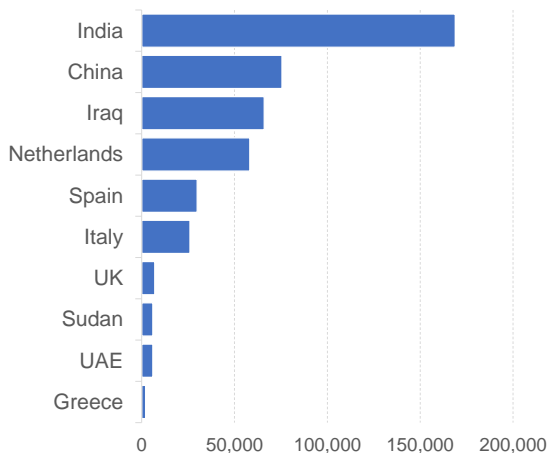
Export of Sun Oil by Country - May



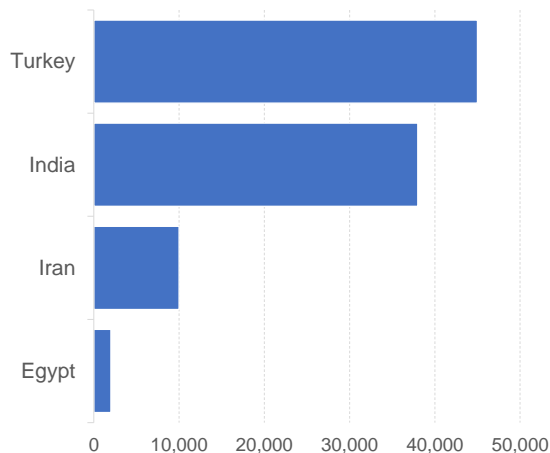
Sun Oil Export by port - May



Ukraine Export by Destination - May



Russia Export by Destination - May



### 3/ PALMOIL – ASIA

#### Long Haul

Time charter trips have stayed rather steady for the last 2 to 3 months due to a steady flow of FOSFA tonnage and cargoes. Rates are currently standing at about USD 15,500 per day to USD 16,000 per day and USD 1,000 - 1,500 more for scrubbed ECO units.

This is despite the relatively poor regional CPP market over the same period. May into June saw a healthy UCO and UCOME market which has kept up rates for the chemicals and the part cargo palms markets. The second half of May was completely sold out of part space which is quite unusual at this time of year. June seems to have offered up a bit more part space overall, but FOSFA is still rather tight.

On the larger tankers we predict quite a quiet month for June on both Palms and CPP, which may result in a drop in rates. The reason being two-fold; the Indonesian export levies on palms went up for the month of June and will be coming down again in July therefore some charterers may take to stockpiling and ship when the rates are lower again in July.

On the CPP side the new import taxes on petroleum products in China has now come into place and has already resulted in a quieter Asia market this week.

And although the IMO2 and FOSFA markets may stay buoyant we believe the markets may come off overall.

In other news the WTO has agreed to examine the dispute on palm oils and the EU in which the EU placed curbs on palm oil-based biofuels. If this gets resolved in Malaysia's favor, we may see an increase in Palm based biofuels entering the market. However, this still looks

unlikely to be resolved till next year. Malaysia's exports to the EU are already at a 4-year low and biofuels are much less than last year so any positive result for Malaysia may result in an increase in long haul shipping activity eventually.

#### Short Haul

Palm oil demand from India's is set to fall for the second consecutive year as the pandemic persists in the country, forcing refiners to cut down on their production & keep stocks at a bare minimum level.

Buyers are also being extra cautious due to high prices of crude palm oil and are adopting a hand-to-mouth buying method. Domestic prices for crude palm oil has increased by around 45% compared to the same period last year, hence refineries may not want to purchase and stock up that much in the hope that prices may start falling.

That being said, there were indeed not many requirements being dished out by the charterer to ship palm oil to India and that handful of requirements that were seen are only for 2<sup>nd</sup> half June. At the point of writing, freight still hovers at high levels despite the scarcity of requirements.

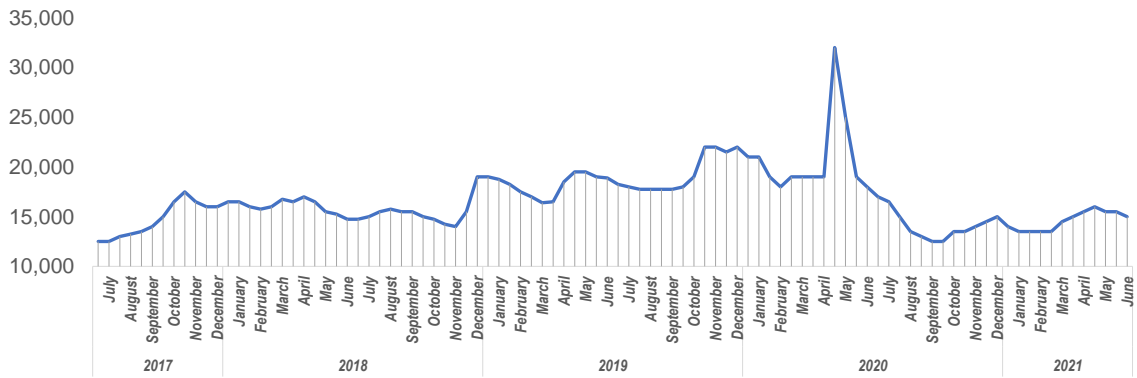
Vessel availability is limited as most palm oil load ports are unable to berth vessels that has been to India within the last 14 days. Also, most owners are trying to avoid fixing their vessels to India as much as possible considering their vessel's next employment may be a challenge due to the vessel's trade history.

Vessel	Quantity [mts]	Grade	Load Port	Discharge Port	Dates	Freight [USD]
June – Short Haul						
Chemroad Sea	24,000	Palms	Suhabat	WC India + Pakistan	1 <sup>st</sup> Half	36.50
June – Long Haul						
NCC Noor	7,000	UCO / UCOME	Liangugang Taizu	ARA	01 – 10	High 90's
NCC Noor	17,500	UCOME / Fame	Tianjin + Pyongteak	ARA	01 – 05	Mid 70's 1/2
Stolt Endurance	1,000	Palms	Straits	Rotterdam	01 – 10	110.00
Ulrekin	22,000	UCO / UCOME	China + Taiwan	Cont	10 – 20	Low 90's 4/1
Navig8 TBN	20,000	UCO / UCOME	China	Med / Cont	10 – 20	RNR

Destination Freight Matrix in USD (30 May – 27 June 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 / N <sub>2</sub>
India	East Coast	6-8kt	34.00	34.00	1.50	2.50	3.00	3.00
		8-10kt	33.00	33.00	1.50	2.50	3.00	3.00
		10-12kt	32.00	32.00	1.50	2.50	3.00	3.00
		12-15kt	31.00	31.00	1.50	2.50	3.00	3.00
	West Coast	12-15kt	34.00	34.00	1.50	N/A	3.00	3.00
		15-20kt	33.00	33.00	1.50	N/A	3.00	3.00
Bangladesh	Chittagong	6-8kt	34.00	34.00	1.50	N/A	3.00	3.00
		8-10kt	33.00	33.00	1.50	N/A	3.00	3.00
Pakistan	Karachi / Port Qasim	20-25kt	30.00	30.00	1.50	N/A	3.00	3.00
		25-30kt	29.00	29.00	1.50	N/A	3.00	3.00
		30-35kt	28.00	28.00	1.50	N/A	3.00	3.00
		35-40kt	27.00	27.00	1.50	N/A	3.00	3.00
China	South China	10-12kt	26.00	26.00	1.50	2.50	3.00	3.00
		12-15kt	25.00	25.00	1.50	2.50	3.00	3.00
	Mid China	10-12kt	31.00	31.00	1.50	2.50	3.00	3.00
		12-15kt	30.00	30.00	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	36.00	36.00	1.50	2.50	3.00	3.00
		12-15kt	35.00	35.00	1.50	2.50	3.00	3.00
Korea	Onsan/Ulsan	4-5kt	42.00	42.00	1.50	N/A	3.00	3.00

Vessel	Size	Trip	Delivery	Re-Delivery	Dates	T/C Rate [USD] pday
June						
Atlantic Muse	42,000	TCT	Straits	Med / Cont / USA	01 - 10	15,500
Navig8 Gallantry	42,000	TCT	Lubuk Guang	Med / Cont	10 – 15	16,950
Alexandros II	42,000	TCT	Straits	Med / Cont / USA	01 – 10	15,500

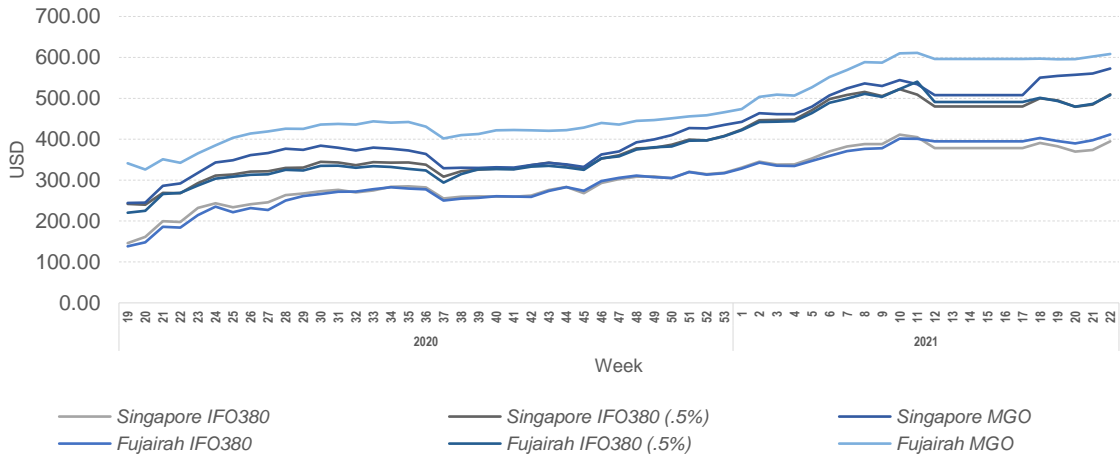
Rotterdam TCT (eco MR delivery Straits)



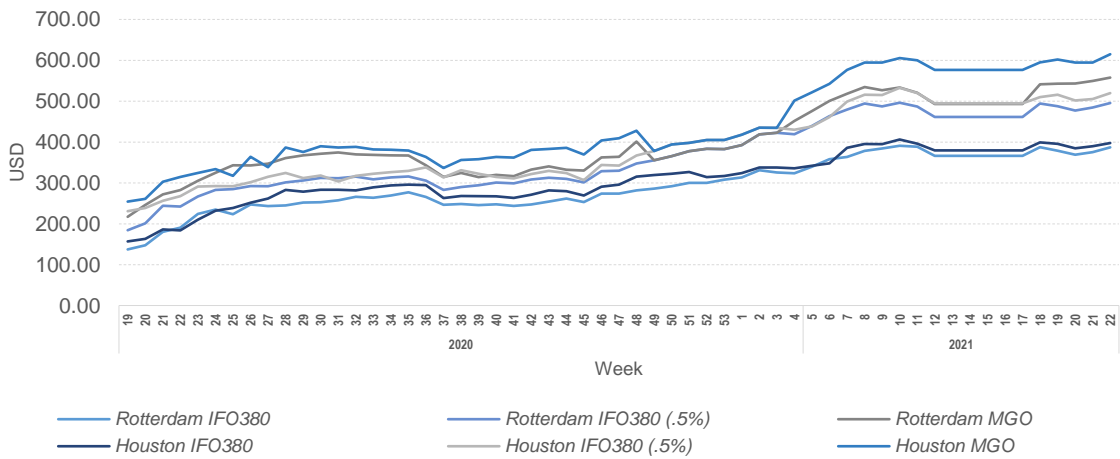
Vessel	Delivery	Re-Delivery	T/C Rate [USD] pday	Trend
MR (Eco but NON Scrubber)	Last Port	Med / Cont / US Gulf	15,500 – 16,000	→

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 – 82	↘
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	→

Bunkers YTD – Singapore & Fujairah



Bunkers YTD – Rotterdam & Houston





## 4/ TANKSTORAGE

### General

Last year we learnt what tank occupancy does to oil prices (negative price since no outlet to store or pipeline capacity) and this year we experienced a new trigger for product pricing which was breach of the national security and hacked pipeline system. The Colonial Pipeline hack resulted in a short peak in demand and looking for alternatives. Our industry always keeps us on our toes. Infrastructure is very important, and the value of a terminal is partly related to the location and connections. For that reason, we never quote market rates, since location A and location B can both store product C for the same term and for the same volume, but still the rates can be very different. Just like a house in the same city, but one street or the other, results in different prices.

What we often must explain is the impact of contract duration, and throughput expectations for a storage contract. A broker to assist you in valuing the market is as important as buying a house with a real estate agent. It is possible to do it direct, but the additional information plus making sure the complete market has been scanned is too valuable to worry about a broker commission.

### Petroleum Products

WTI at US\$ 66.65 and Brent at US\$ 68.71, both a backwardation. We expect soon to report on the hydrogen prices since that seems to be the new generation low carbon fuel. The storage industry requires a lot of investment to be ready to handle new products, since hydrogen can't be stored in the tanks we have now.

The terminal of tomorrow will be prepared for the energy transition, diversifying its portfolios, and adapting for a carbon neutral future. Ready for hydrogen, renewable fuels, and the growth of LNG. However, we still must deal with the fossil products till we stop drilling and pumping.

The demand for crude tanks is low, fuel oil steady since it is a blending business and requires the tanks to support the supply chain and logistics. Same for gasoline, also a blending business and steady market, for renewable blending and different grades of components. Diesel is due to the backwardation and no opportunistic trading, less demand for storage, although still lots of contracts are running since last year's contango and short-term extension is more interesting than emptying the tanks. Surprisingly, we don't see a lot of capacity available in the market, except for the outer ports like in the Baltic or Med.

### Chemicals

This quarter we see a lot of new capacity coming online in the ARA, some last minute but most of the tanks are being booked. Small capacity is available as long it doesn't require too many bells & whistles, simple tanks without heating or vapor treatment can still be found. Rates are slightly lower compared to last year, but no steep drops.

UK storage demand is remarkably high. The Brexit has an effect on the timelines for UK deliveries, that local storage can be solution, provided available. The average age of a tank in UK is relatively high, so for each enquiry we see a high investment cost, to make a tank ready. A trend we see more. Tank availability yes, tank readiness no. Investment / start-up costs plus a lead time upon contract signing. For that reason, we advise to start your search far in advance and don't expect to find your tank last minute.

### Vegetable Oils & Biofuels

The sky-high palm oil prices in combination with steep container rates and lack of container availability have impacted this market mostly. Lots of Used Cooking Oil (UCO) players are struggling to source the product or to get it to Europe. Due to the lack of containers, bulk shipments are being considered, however those inland tanks can't handle the bulk shipments, therefore different terminal locations are required.

Rented tanks are currently empty, but the question is if this is going to change. The regulations to store waste or UCO being qualified as waste might change, all kind of uncertainties to jeopardize the market. Big players get bigger and small players slowly disappear. Where we started with maybe 100 UCO/biodiesel players, we currently may only see 50. At least in the physical market. An interesting trend in a renewable market, with big risk and changes.

The Suez Canal problems helped to get the stock in tank reduced. Product, which was stored for months, got finally sold/used in April. It created space for the peak of deliveries after the Suez Canal opened again. Since a long time, we got vegetable oil tanks offered again for sublease, probably a short-term dip in demand.

## 5/ EVENTS

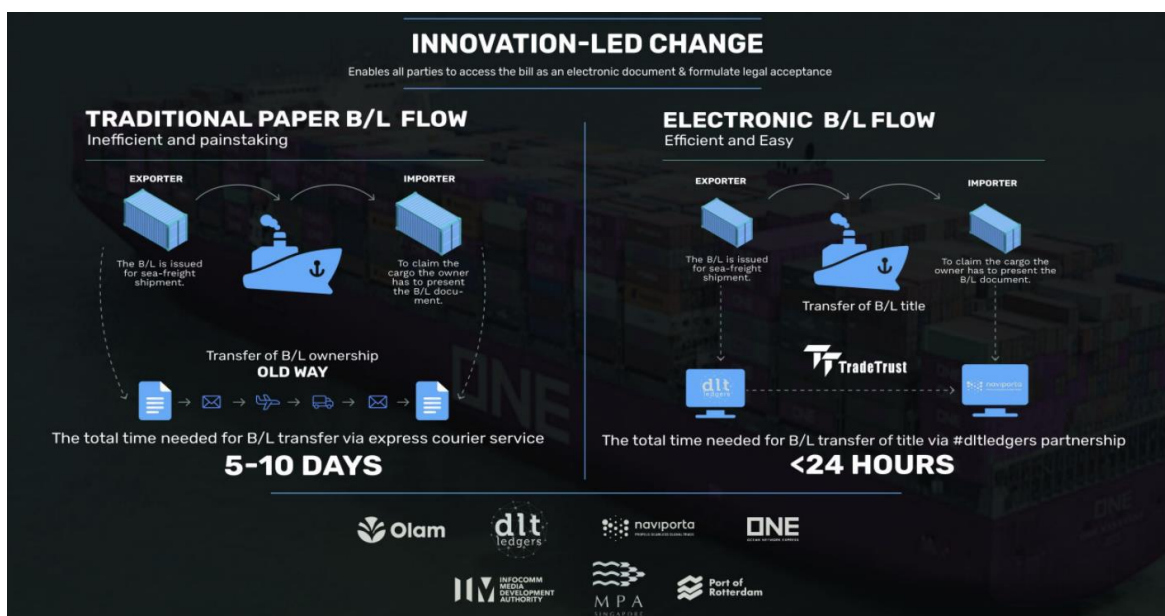
04 November 2021 – FOSFA Annual Diner, London (to be confirmed)

## 6/ LOCAL NEWS

### Singapore and Rotterdam successfully complete trial with electronic bill of lading

Singapore and the Netherlands have collaborated since 2019 to explore electronic bills of lading (eBL) on the Europe-Far East trade lane where Singapore and Rotterdam are two major transshipment ports. This trial demonstrated that an eBL issued by one platform could be verified and processed by another digital trade platform.

Before we can start making extensive use of this new option, countries will need to adapt their legislation to accept an electronic bill of lading (eBL) as legally valid in addition to conventional hard copies. Singapore has already implemented this change. In the Netherlands, we are working to develop this innovation via various pilot projects, in partnership with industry partners, the Dutch Blockchain Coalition, Spark! Living Lab and 2Tokens.



The results of the most recent trial also show that digital transfer of ownership by means of an eBL saves time and improves efficiency. Our industry partners Ocean Network Express and Olam were able to cut end-to-end documentation processing time from an average of 6 to 10 days, using hard copy documents, to less than 24 hours, using the eBL for the digital transfer of ownership.

The Digital Container Shipping Association (DCSA) estimates that a 50% adoption of eBL within the sector could yield savings of more than USD 4 billion per year (source: DCSA). This trial was performed across the Singapore-based #dltledgers and Rotterdam-based Naviporta platform and was supported by IMDA's #TradeTrust digital utility, which is based on open standards.

#### About Naviporta

The Naviporta platform facilitates the transparent, efficient and safe exchange of logistics and financial data. It transfers this information without either storing or taking ownership of the data in question. The platform is neutral and interoperable, which means it can serve as an effective interface between existing platforms (e.g. Port Community Systems). Naviporta enables the development of new services that use this data – for example, trade finance, insurance products or an electronic bill of lading.

## 5/ CHARTERING TEAM

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