Market Report

October 2022

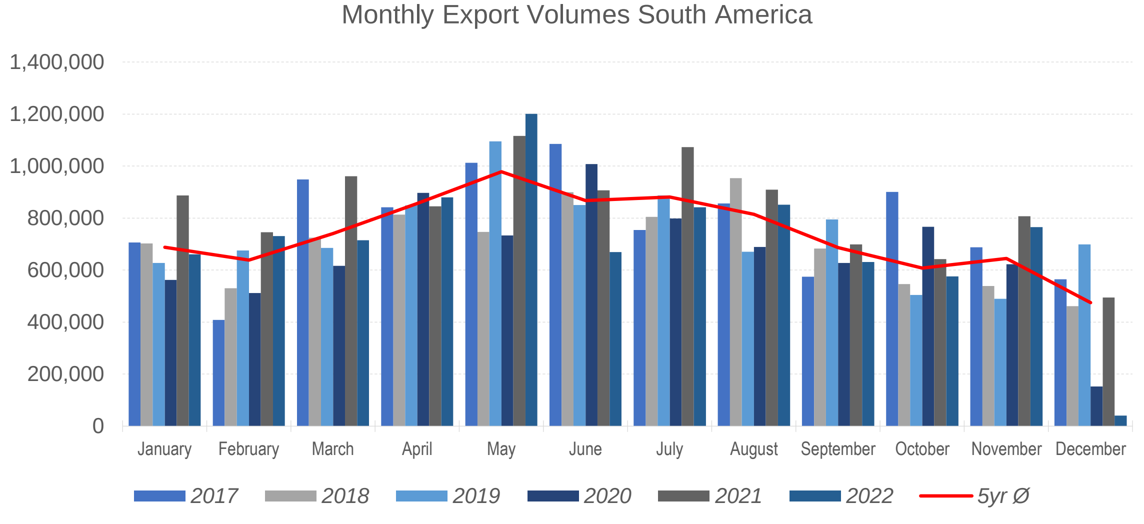
1/ VEGOILS – SOUTH AMERICA

SOAM Edible Update – volume fixed since our last report: **1.014.850 mt / YTD 8.564.080 mt**

It has been pretty active the past weeks in the South American export market for vegoils and biodiesel. The coming weeks a slow and steady reduction in export volumes is to be expected if our sources are correct.

When we look even further ahead into 2023, expectations for January and February volumes from Argentina are historically low. As our avid readers might recall we wrote about a favourable currency exchange scheme in September. This has caused record high volumes of soybeans being sold to crushers. But once these beans have been crushed there is little stocks left until the new crop comes in. Which means January and February will be very slow.

A lot of crushers will perform maintenance in these months. We do expect an increased volume from Brazil in this period, but we doubt that this will compensate for the lower exports from Argentina.



Vessel	Quantity [mts]	Grade	Load Port	Discharge Port	Dates	Freight [USD]
			October			
JBU Opal	18,000	Vegoil	Brazil	India	10 – 21	Low / Mid 70's 1/1
NCC Yanbu	40,000	Vegoil	Argentina / Brazil	India	15 – 25	Mid 60's 2/2
Stena Immaculate	40,000	Vegoil	Argentina / Brazil	India	05 – 15	Mid 60's 2/2
NCC Damman	26,500	Vegoil	Argentina Upriver	China	2nd Half	Around 100.00 1/2
Nord Victorious	40,000	Vegoil	Argentina / Brazil	India	15 – 25	Mid 60's 2/2
Clearocean Mary	26,000	SME	Argentina Upriver	Cont	05 – 10	In House
Ardmore Endeavour	26,000	SME	Argentina Upriver	Cont	01 – 05	Around 1.6M L/S
Petalouda	40,000	Vegoil	Argentina / Brazil	India	01 – 10	Low / Mid 60's 2/2
Lady Amanda	40,000	Vegoil	Del Brazil	Redel China	End Oct / Early Nov	27,500 p.d.
Pacific Cobalt	26,250	SME	Argentina Upriver	Cont	10 – 20	Around 1.5M L/S
Sea King	10,000	Vegoil	Argentina Upriver	Pakistan	01 – 10	Around 90.00 1/1
Dalmacija	43,000	Vegoil	Argentina / Brazil	India	15 – 22	High 80's 2/2
SFL Weser	16,000	Vegoil	Itacoatiara	Algeria	05 – 15	Around 90.00 1/1
Torm Almena	27,000	SME	Argentina Upriver	Cont	10 – 20	Around 1.7M L/S
Basset	40,000	Vegoil	Argentina / Brazil	India	12 – 21	High 70's 2/2
Sea Majestic	11,000	Vegoil	Argentina / Brazil	Sfax + Genoa	15 – 20	Around 110.00 1/2
Torm Torino	26,000	Vegoil	Argentina Upriver	India	25 – 30	Around 105.00 1/2
Pacific Azur	26,250	SME	Argentina Upriver	Cont	17 – 20	Around 1.6M L/S
Bow Hector	22,500	Various	Argentina Upriver	Dom. Republic	10 – 20	1.6M L/S

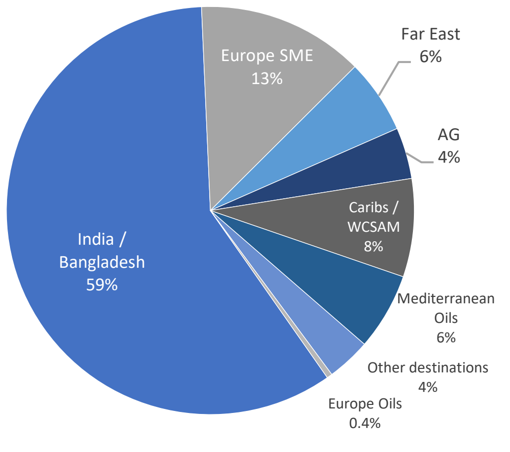
Freight rates have been steady the past couple of week and dare we say it was a bit uneventful? Traditionally Q4 is quite strong in the Atlantic but so far rates have been going sideways the past weeks.

That is not to say that rates are not very healthy for shipowners. At the time of writing this report the Atlantic basket is still above USD 30.000 per day. The rates that have been fixed from South America reflect these levels.

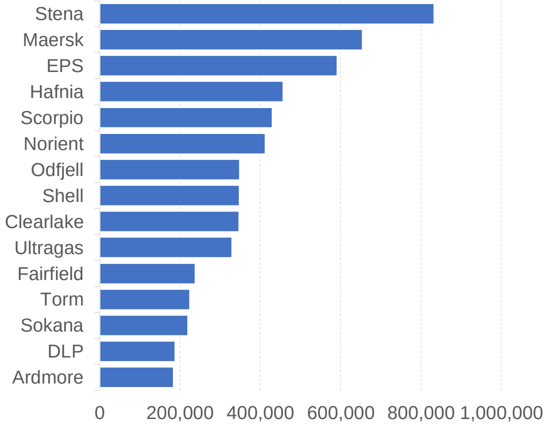
The benchmark rate from EC South America to India has been trading roughly between mid and high USD 70's per mt 2/2. Owners keep trying to push the levels to the 80's with the argument of a strong winter market in the Atlantic.

It will be interesting to see which direction we will go. Our view is that rates will likely keep moving sideways as there are fewer cargoes expected the coming weeks and still a fair amount of owners needing to reposition vessels East.

Export Volume by Destination 2022



Top 15 Owners - 2022



Edible Oil / SME Freight Assessment	*This Week [USD]*	*Change [USD]*	*Trend*
Argentina - West Mediterranean 18-20,000mt 1/1	85 - 90	0	→
Argentina - West Mediterranean 27,000mt 1/1	64 – 67	0	→
Argentina - East Mediterranean 18-20,000mt 1/1	87 – 92	0	→
Argentina - East Mediterranean 27,000mt 1/1	66 – 68	0	→
Argentina - North West Europe 18-20,000mt 1/1 – Non FOSFA	88 – 93	0	→
Argentina - North West Europe 29,000mt 1/1 – Non FOSFA	60 – 63	0	→
Argentina - North West Europe 29,000mt 1/1 – SME	1,7M L/S	+100.000	↗
Argentina - Caribs 18-20,000mt 1/1	80 – 85	0	→
Argentina - US Gulf 29,000mt 1/1	45 – 50	0	→
Argentina - India 29,000mt 1/2	87 – 89	+5	↗
Argentina & Brazil - India 40-42,000mt 2/2	77 – 79	+5	↗
Argentina - Iran 30-32,000mt 1/1	120 – 125	+5	↗
Argentina & Brazil - Far East 40-42,000mt 2/2	94 – 95	+5	↗
Argentina & Brazil - China 40-42,000mt 2/2 - CIQ	96 – 98	+5	↗

2/ VEGOILS – BLACK SEA

Till Saturday 30 October the content of Black Sea report was related to extended waiting time of tankers and dry cargo vessels for the JCC inspection, waiting area for south bound changed form Istanbul entrance to Dardanelles entrance and the number of vessels which were queuing up both north as south bound. However, this picture changed completely after Russia pulling out over the weekend Grain Export Corridor following a drone attack on Russian warships in the port of Sevastopol. Since this announcement is completely unclear what will happen, and which next steps will be taken.

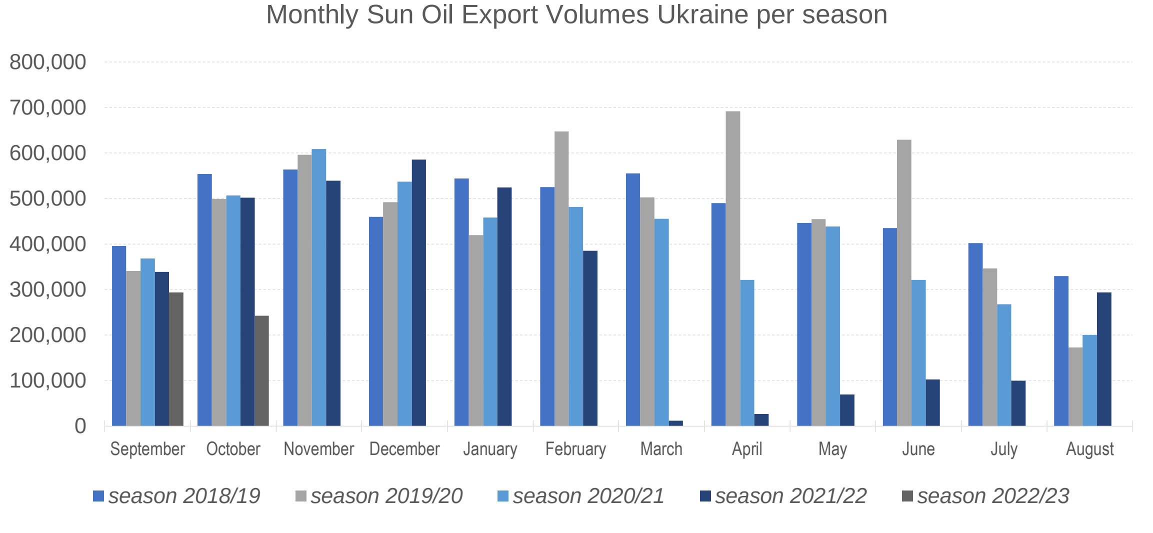
Beginning of this week Putin claimed, “We are not ending participation in grain export deal just suspending it”. This Monday about 12 cargo vessels carrying grain set sail from the country’s Blacks Sea ports. Beginning this week close to 70 inspections on board outbound vessels were completed by UN and Turkish inspectors which continue their voyage for destination which results the queue for exit is eliminated.

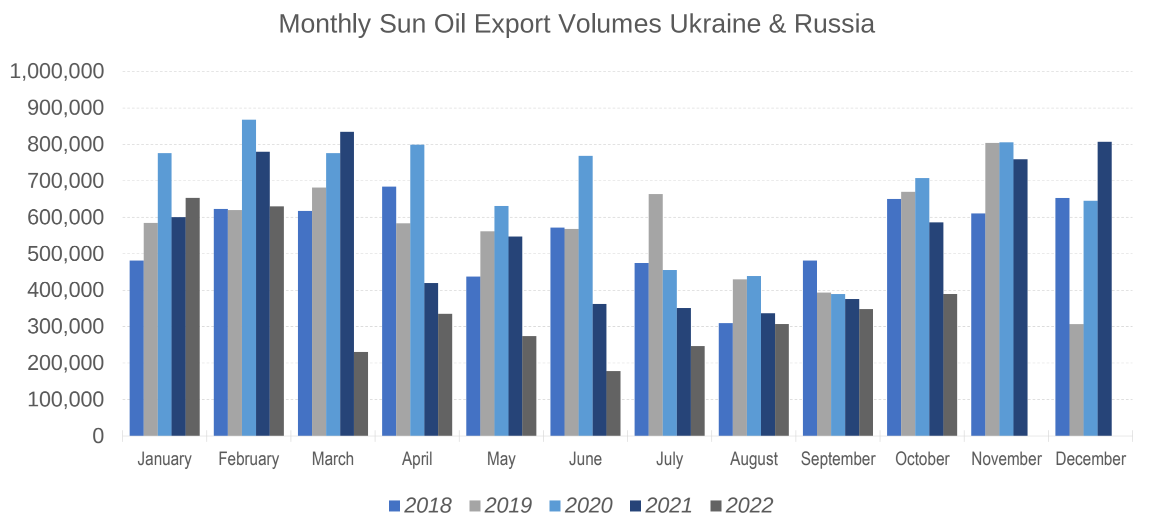
Three tankers which were inspected prior Russia’s withdrawal proceeded to their loading ports, arrived and will be loaded. In the meantime, the vessel’s underwriters are claiming, it will be more and more difficult to obtain necessary war risk insurance due present situation, where the safety of seafarers much remain a top priority and all parties give consideration to the crews who may now be stuck on board or in port due to factors beyond their control. Ships entering the three ports, which have been part of the agreement, are usually required by their banks to have various insurance policies in place including hull and cargo war cover, which is renewed every seven days. Lloyd's of London insurer Ascot said at the beginning of this week it was suspending writing cover for new shipments. Since then, sources say other underwriters have followed suit.

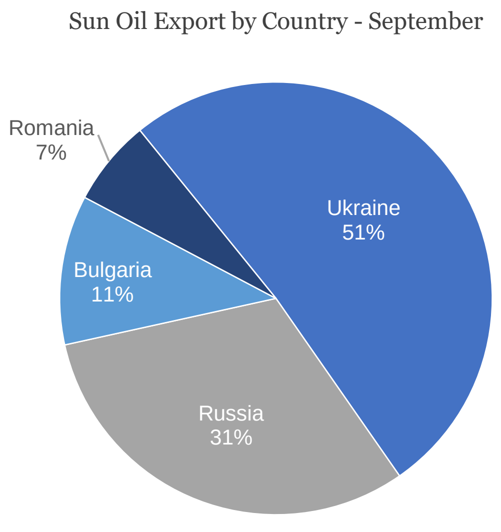
Despite increasing number of days spent waiting for JCC inspections, October shipments were close to 250.000 mt Ex Ukraine where we notice little slowing down of exports from the Sulina river. Having said that, with the recent “closing” of Pivdenny, Odessa and Chornomorsk this week more shipments were done ex the Sulina river on smaller tonnage.

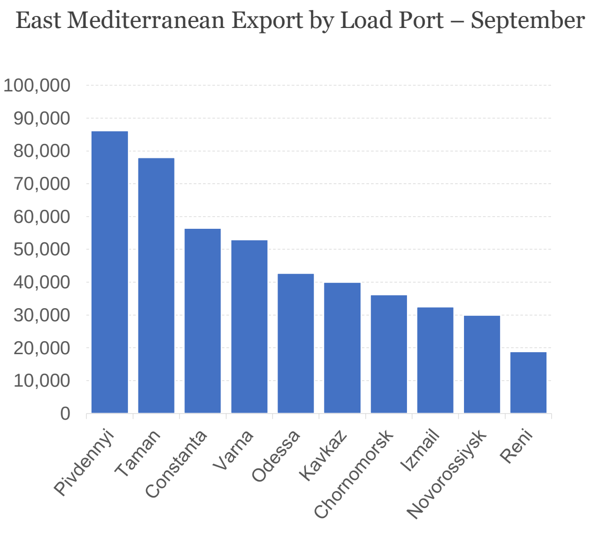
Turkey remains the number 1 receiver of Ukrainian sunflower seed oil followed by Iraq, Italy and India. Russian exports still continue and there were close to 150.000 mt for October on MR tonnage either loaded from Novorossiysk, Taman or Kavkaz anchorage where cargo will be supplied by river going barges which were mainly loaded from the Rostov river, with destination India and China.

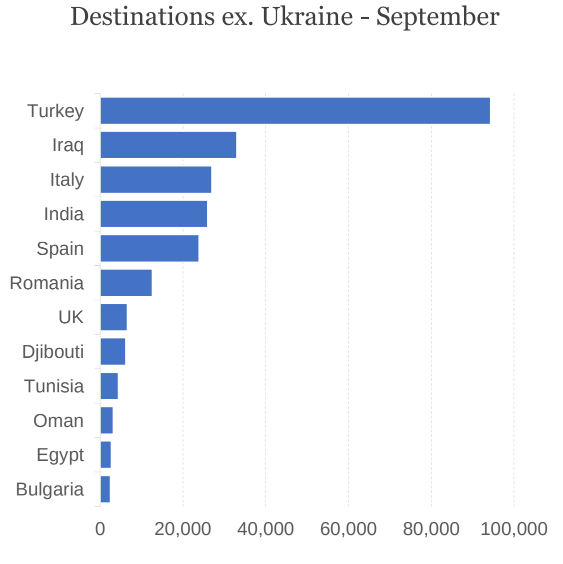
As we have reported above, the news is likely to change by the hour and the latest update on Ukraine’s grain export corridor is that it will resume operations according to a statement from Turkish President Recep Tayyip Erdogan in Ankara. If the Corridor agreement continues, the end October vessels could be rolling over to November and hopefully can be loaded prior to the ending of the official agreement which was signed on 22 July and ends 20 November. It is probably a good sign that all tankers which were loaded prior Russia stepping down, JCC performed their outbound inspections this week and all are on their way to the final destinations.

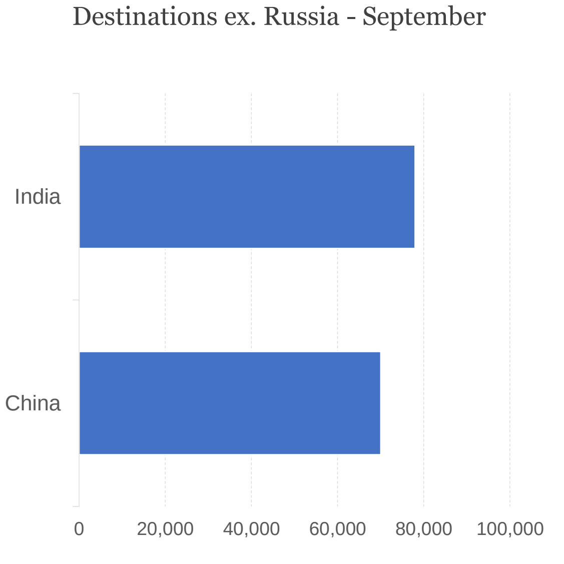



Monthly Sun Oil Export Volumes Ukraine & Russia
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
January
February
March
April
May
June
July
August
September
October
November
December
2018
2019
2020
2021
2022


Sun Oil Export by Country - September
Romania 7%
Ukraine 51%
Bulgaria 11%
Russia 31%


East Mediterranean Export by Load Port – September
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
Pivdennyi
Taman
Constanta
Varna
Odessa
Kavkaz
Chornomorsk
Izmail
Novorossiysk
Reni


Destinations ex. Ukraine - September
Turkey
Iraq
Italy
India
Spain
Romania
UK
Djibouti
Tunisia
Oman
Egypt
Bulgaria
0
20,000
40,000
60,000
80,000
100,000


Destinations ex. Russia - September
India
China
0
20,000
40,000
60,000
80,000
100,000

3/ PALMOIL – ASIA

Long Haul

October into November has seen weakening in shipping markets on palms, renewables and CPP. The recent weeks have seen a slight slowdown in demand for palm and UCO which has in turn put downward pressure on IMO2 rates. 3,000 mt of UCO from the Straits to Rotterdam reportedly done around USD 200 per mt. This is down slight increase in space against a slight decrease in cargoes in the market.

However, CPP commentators are saying 2022 probably isn't done for surprises yet, with Far East lists looking slightly tighter for end November, we may see one more jump before the year is out. The second half of this year has had a trend of one month up, and one month down, so if this continues December might just be another early Christmas present for owners.

Short Haul

There're no doubts that the Ukraine war has skewed global trade flows of grains and oilseeds, paving the way for palm oil to expand market share in India and China. India, the largest importing country for edible oil is not surprisingly at the center of the struggle for market share since there seems to be no end to China's everlasting covid restrictions. Volatility has been the main theme of the palm oil market for most of this year, and fears of a looming global economic recession will keep the market volatile in coming months.

While the whole market seems to be depending on India to keep afloat, the country seems so comfortably stocked after Diwali that they decided that 31st October 2022 is the best day to show some love to their local farmers who've been reeling from the lower oilseed prices. The country announced their decision to increase palm oil import tariffs by 6-11%, which unfortunately counteracted Indonesian government's effort to encourage exports by extending palm oil export levy waiver till end of this year; or when reference price surpasses USD 800 per metric ton. Indonesia has been struggling to resolve a problematic inventory glut since their bizarre decision to cut themselves from the global trade backfired in May.

India's appetite for palm oil has reflected not just on their increased import tariff, but also on palm oil prices and tonnage availability. Malaysian palm oil prices tracked a slump in rival edible oils last week, leading to its biggest one-day drop in a month and logged a weekly loss amid concerns over sluggish demand. Tonnage availability in November is also showing signs of loosening up- albeit not drastic enough to jolt owners who have been celebrating their recent windfall back to the reality that the freight they've been demanding no longer justifies margins for the palm oil traders. Freight rates to India are expected to dip slightly in the next few weeks.

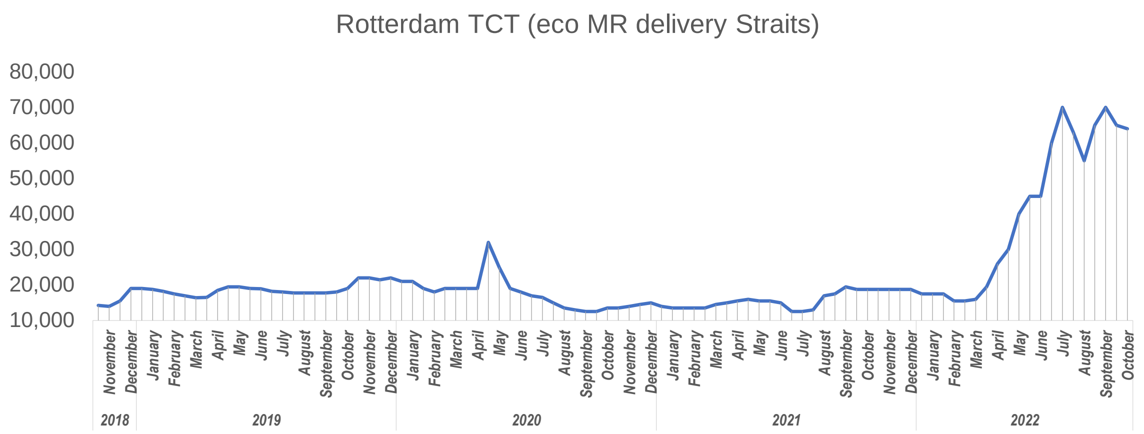
Freight Assessment per Discharge Area	*This Week [USD]*	*Change [USD]*	*Trend*
Straits - EC India / Bangladesh 8-12,000mt 1/1	62.00	-3	↘
Straits - WC India / Pakistan 15-20,000mt 1/1	73.00	-2	↘
Straits - WC India / Pakistan 20-30,000mt 1/1	72.00	-2	↘
Straits / E Malaysia – South China 12-15,000mt 1/1	63.00	-2	↘
Straits / E Malaysia – Mid China 12-15,000mt 1/1	71.00	-1	↘
Straits / E Malaysia – South China Upriver 12-15,000mt 1/1	76.00	-1	↘
Straits / E Malaysia – North China 12-15,000mt 1/1	81.00	-1	↘

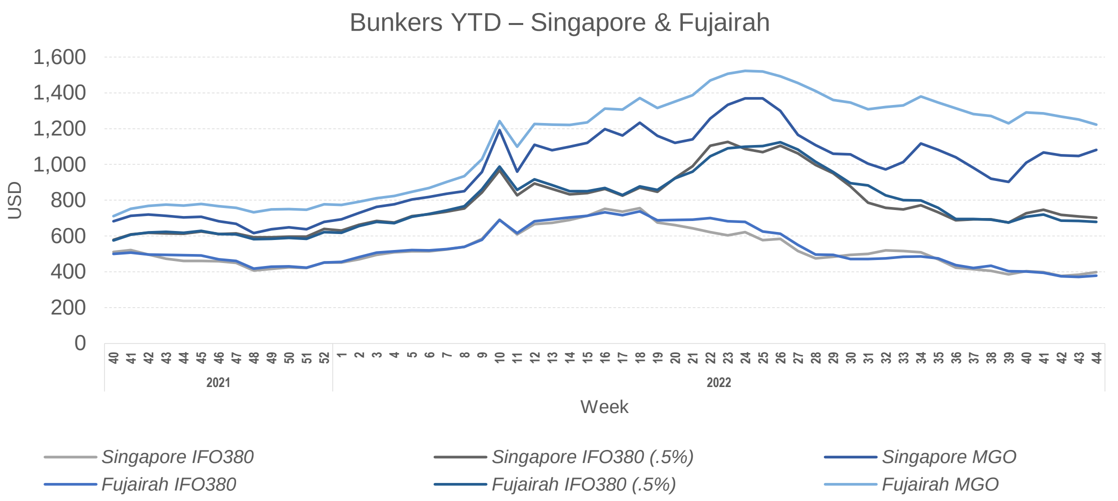
Vessel	Quantity [mts]	Grade	Load Port	Discharge Port	Dates	Freight [USD]
November – Long Haul						
Hafnia Andersine	34,000	NRD/PFAD/ UCO	Balikpapan + Straits	Rotterdam	01 – 05	5.0M L/S
Hafnia Caterina	40,000	NRD	Singapore	Rotterdam	08 – 10	4.9M L/S
Hafnia Topaz (Failed)	20,000	UCO/UCOME	Mid China	ARA	05 – 10	200.00
NQ Alpina	5,000	POME	Lubuk Guang	Rotterdam	10 – 20	215.00
MTM TBN	30,000	UCO/UCOME	North China	US Gulf	20 – 30	185.00
Renad	12,000	UCO	China	ARA	2nd half	Low 200's
Great Kappa	28,800	PFAD/POME	E Malaysia + Straits	Med	End Oct / Early Nov	4.8M L/S
St. Helen	40,000	Palms	E Malaysia + Straits	Med	End Oct / Early Nov	High 4M L/S
November – Short Haul						
Saehan Wallaby	11,000	POP	Lubuk Gaung	Nantong + Taixing	22 – 30	75.00

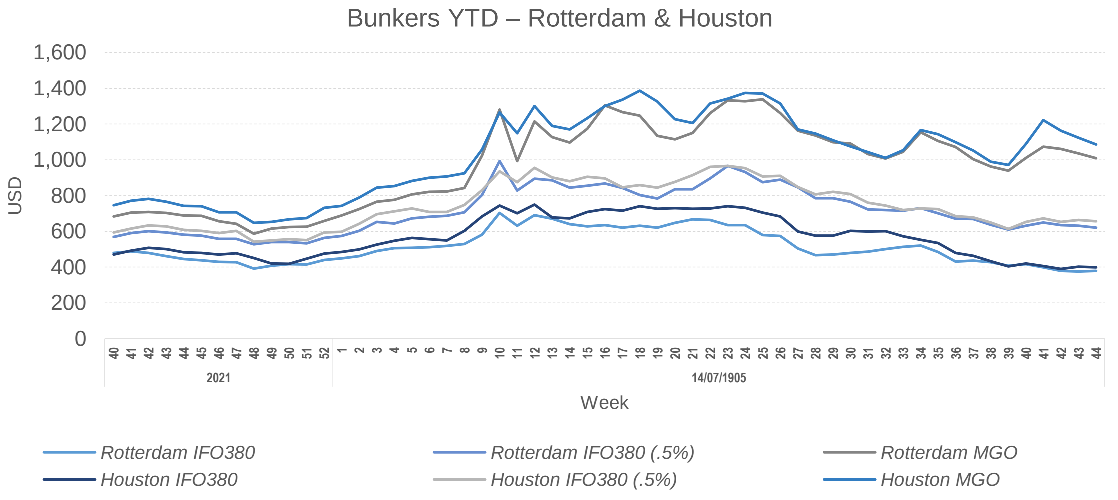
Vessel	Size	Trip	Delivery	Re-Delivery	Dates	T/C Rate [USD] pday
Time Charter – October						
Honesty	45,000	TCT	Philippines	Med	End Oct / Begin Nov	RNR
Nikos M	42,000	TCT	Philippines	World Wide	10 – 20	65,000

Freight Assessment per Discharge Area	Quantity Range	Freight pmt [USD]	Trend
Straits - Rotterdam - Part Space (IMO3)	5-15,000	180 – 190	↘
Straits - Rotterdam - Part Space (IMO3)	15-25,000	140 – 160	↘
Straits - Rotterdam 2/1 - FOSFA	40-42,000	117 - 125	↘
Straits - Rotterdam (IMO2) 1/1 NOBL	1-2,000	250 - 270	↘
Straits - Italian Med (IMO3) 2/3 - NOBL	40-42,000	117 – 125	↘
Straits - Span Med (IMO3) 2/4 – NOBL	35-40,000	117 – 125	↘
Straits - West Med (IMO2) 2/2 - FOSFA	18-20,000	185 – 190	↘
Straits - Black Sea	25-35,000	N/A	↘
Straits - US Gulf – US Atlantic Coast (IMO3) 2/1	35-39,000	125 – 135	↘
Straits - West Africa (IMO3) 2/2	25-30,000	130 – 150	↘

Vessel	Delivery	Re-Delivery	T/C Rate [USD] pday	Trend
MR (Eco but NON Scrubber)	Last Port	Med / Cont / US Gulf	64 - 69,000	↘


Rotterdam TCT (eco MR delivery Straits)
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
2018
2019
2020
2021
2022


Bunkers YTD – Singapore & Fujairah
USD
Week
2021
2022
Singapore IFO380
Singapore IFO380 (.5%)
Singapore MGO
Fujairah IFO380
Fujairah IFO380 (.5%)
Fujairah MGO


Bunkers YTD – Rotterdam & Houston
USD
Week
2021
14/07/1905
Rotterdam IFO380
Rotterdam IFO380 (.5%)
Rotterdam MGO
Houston IFO380
Houston IFO380 (.5%)
Houston MGO

4/ TANKSTORAGE

Petroleum Products

WTI is trading around $86 & Brent around $94.
Refinery outages and falling inventory levels in Europe have significantly tightened diesel supplies across the continent, causing spot price differentials to soar to record levels. Contrary to what terminal operators would expect, there is no release of tankage to support the shortage. Whoever has tanks now keeps them in order to trade again when there are barrels to store. European strategic reserves have been increased. This has resulted in an immediate occupancy growth at the terminals. For refined products especially, the national reserves are prepared for supply deficits due to global political uncertainties.

With the Russian ban the Arabian Gulf has especially benefited from the demand for storage. Double digital storage rates on clean petroleum products. Lots of barrels are being blended and stored in Fujairah and any tank in the area which can be found. Tank space in the Hub's is extremely tight. Outside the Hub's we see opportunities. Like Scandinavia & Baltic or UK.

Chemicals

Chemical terminal investment are currently highly favourable over fossil fuels terminals. Investment firms are restricted in having fossil related investments in their portfolio, but chemicals are apparently no problem at all. How many chemicals are not related to crude oil or (shale) gas? A surprising move. Selling an oil terminal will anyway result in lower multiples (EBITDA) than 1 year ago.

At European's largest Chemical conference, different views were heard. Terminal operators expect a bright future. Europe is getting too expensive to produce and more imports are required for which tanks are needed. Producers see rising costs, high inflation and reduced consumer trust, which will result in smaller margins, reduced output and sales. For now both are right, but we don't see a direct result in the storage demand yet. Still little availability or at least not the type of tanks which are in demand. Like heating and vapor treatment capabilities. A long list of open storage enquiries like caustic soda solution, acrylates, acids and many more.

Biofuels

Renewables are interesting for ports, the investments and projects are welcomed, but surprisingly enough no focus on the supply of those projects. We see biofuel facilities being built but carbon free transportation or sustainable solutions like pipelines or rail transport are not invested in. Large volumes of feedstocks are stored off-site and require trucks or barges to transport them to the plant. We would have expected a pipeline as sustainable solution. Or is it only window dressing?

Heated tanks are still in high demand and hard to find. Same for ethanol storage. Every cargo owner want the same, but due to the uncertainties they are not prepared yet to sign for 5 years with a lead-time of 2 years to get it. That explains the mismatch.

Vegetable Oils

Looks like we are over the peak but still everybody hold on to their tanks, not risking to have none when you need them in a couple of weeks. Heated and food grade tanks are hard to find.

5/ EVENTS

09 November FOSFA Annual Dinner, London
Attendees: Victor van der Blom, Patrick Hartman, Herman Weyschede, Joep van Huizen, Marc Terradellas, Harry Gabb, Krien van Beek, Jeroen van Kessel, Roy Bekenes

6/ LOCAL NEWS

Throughput port of Rotterdam remained at the same level as last year

In the first nine months of 2022, almost the same freight volume was handled in the port of Rotterdam as last year: 351 million ton (+0.3%). There are some underlying major differences, though, especially due to the war in Ukraine, the sanctions against Russia, and the changes in global energy flows. For instance, considerably higher volumes of coal and LNG were imported as alternatives to Russian natural gas. Container transhipment decreased, especially as a result of the loss of trade with Russia.

Allard Castelein, CEO Port of Rotterdam Authority: "The total volume makes it seem as if it is business as usual in the port, but the big changes, especially with respect to LNG and coal, indicate that the energy landscape has changed dramatically. With the high energy prices the energy-intensive chemical industry in particular is going through hard times. A faster energy transition makes us less dependent on geopolitical developments in the long term. In the short term, we have to do all we can to retain the chemical industry that is so important to our society."

Dry bulk

The throughput of iron and scrap decreased steeply (-17.9%), as did the throughput of agribulk (-14.8). The former was caused by the weakening economy, the latter by the volumes of harvests in various parts of the world. High energy prices in agribulk processing also played a role. Coal volume increased (+24.8%), primarily as more coal was used in power plants. Other bulk, such as raw materials and building materials, also increased sharply (+22.6%). The throughput of dry bulk increased by 2.9% in total.

Liquid bulk

For liquid bulk the increase was 3.9%. The volume of mineral oil products fell (-13.1%), especially due to lower fuel oil supply from Russia, but other freight volumes increased: more crude oil (+5.4%) and more other liquid bulk (+18.4%) was handled. All categories in the other liquid section show growth: chemistry, biofuels, vegetable/animal oils and fruit juices. The growth of LNG volume was very strong (+73.8%). Much more LNG is supplied from the United States and other countries to replace Russian natural gas, which previously was piped to Northwestern Europe.

Containers

The container segment dropped by 8.6% in total weight and by 4.4% in number of containers (TEUs, twenty-foot equivalent units) in the first nine months. As a consequence of the sanctions, container traffic between Russia and Rotterdam has almost come to a standstill. In the past few years, about 8% of container traffic was related to Russia. The difference between ton (-8.6%) and TEUs (-4.4%) is because proportionally more empty containers found their way via Rotterdam. Although container logistics is still hampered by disruptions as many vessels do not arrive on schedule and due to the high-capacity usage of the terminals, the volume decrease does lead to logistic problems gradually becoming smaller. Also, the container freight rates have dropped significantly. Both roll-on/roll-off traffic and other breakbulk increased by 15%.

The macro-economic climate looks all but promising, what with the continuing war in Ukraine, inflation, and the deteriorated economic climate. Nevertheless, the Port of Rotterdam Authority expects transhipment volume for 2022 to be of the same level as that of last year. Given the highly challenging circumstances in almost all sectors, this would be a remarkable performance of the Rotterdam business community.

7/ CHARTERING TEAM

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