

In this issue:

- Unsecured debt comprised 83% of all loans in H1 2021
- Oil and gas and metals and mining accounted for 80.5% of all deals in H1 2021





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Welcome to TXF Data's Commodity Finance market overview. This report focuses on commercial loans for both commodity traders (CT) and commodity producers (CP).

It also leverages the power of tagmydeals, our user-generated, peer-reviewed deals database, to present an overview of market transactions for key commodities.

Highlights of the H1 2021 report:

The year of 2020 will go down in history as one of, if not, the single most turbulent year for the commodities finance industry. A global pandemic stunted all travel and almost all oil demand, leading to oil selling for minus prices, in a year which uncovered a number of shocking high profile fraud cases and defaults, while supply chains were disrupted all over the world.

This report uses data to take a look at how the commodities finance industry is coping six months on from the unparalleled volatility of 2020. With deal volume down almost 50%, it is evident that the industry is not out of the woods yet. Various factors contributed to a prolonged liquidity squeeze last year, and with banks still adopting a strict flight to quality, it is unclear when deal volume might return to pre-Covid levels.

But it is not all doom and gloom. The pandemic brought about a number of changes, some of them bad, and some of them good. Last year saw an incredible amount of scrutiny towards ESG, net zero, the energy transition, the green industrial revolution, and digitalisation - all areas which the commodity finance industry needed to give more attention.

While all these sectors are works in progress, structured finance in the renewables sector was up year-on-year in H1 2021, while oil and gas was down, signalling that a tangible change could be materialising.

TXF Data aims to present as comprehensive and accurate a picture of the market as possible, but this can only be achieved with broad industry participation. That is why tagmydeals is free of charge and accessible to everyone in the industry. It allows users to add new information or improve existing information in a simple manner.

Our mission is to provide comprehensive and credible data to the industry and we are moving forward immensely in that regard. We would like to thank the institutions that currently provide us with data and encourage those that do not to join us in making this industry's data more transparent and accurate. Accurate data will help to better explain the commodity finance product internally and externally, as well as enhance reporting, research, benchmarking and business development in the sector.

If you have any feedback on this report or would like any further information, please contact dominik.kloiber@txfmedia.com

Many thanks,

The TXF Data team

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Users are encouraged to visit and review individual deal data on www.tagmydeals.com and contribute to the completeness and accuracy of our deal coverage.



Contents

1. General market	8
This section reviews commercial loans from banks, including secured and unsecured, to both commodity traders and commodity producers across H1-2021.	
2. Traders	15
Explore commercial bank debt for commodity trading firms in H1-2021.	
3. Producers	19
Find out more about commercial bank debt for commodity producers across sectors in H1-2021.	
4. Structured commodity finance	23
A review of bank debt signed in H1-2021 secured against a commodity.	

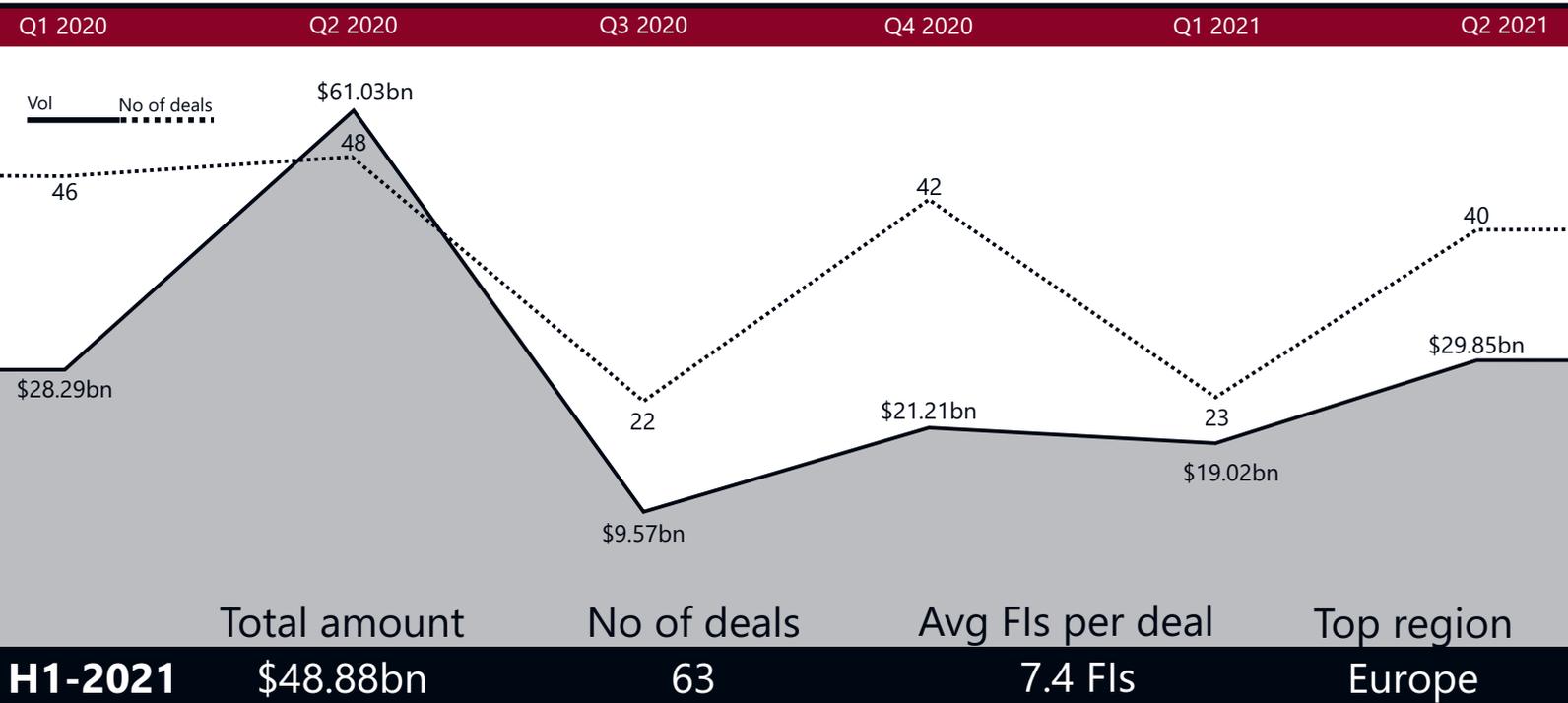


GENERAL MARKET

This section examines general market debt for commodity firms in H1-2021.

Highlights

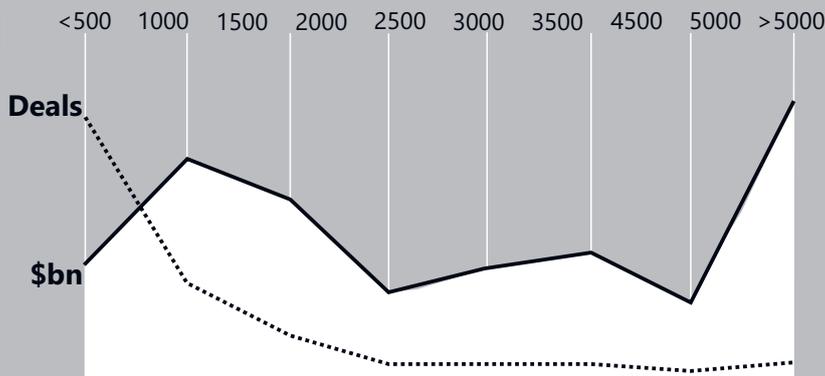
- The data, in this report, shows that there has been a hefty year-on-year reduction in deal volume across the commodity finance market, down to \$116.813 billion in 2020 from \$200.56 billion in 2019. Given the strain that the Covid crisis inflicted on many corporate borrowers' business, coupled with the added 'Covid premium' on bank loan margins and the scaling back of many banks from lending in the commodities space, this comes as no surprise.
- Looking closer at the year-on-year data, the most drastic difference in volume between 2020 and 2019 is in the Q4 period, which saw a sizable \$86.6 billion in deals in 2019 and only \$18.98 billion last year. One potential explanation for this huge drop is that Q4 tends to be the busiest time of the year for companies as they strive to reach end-of-year goals and raise funds ready for the new year. The final quarter of 2020, however, marked the end of almost an entire year of lockdowns without a clear end in sight, leaving many corporates holding off from raising debt in what is usually the busiest period.
- Glencore was the top borrower in 2020, having closed \$19.530 billion worth of deals. Alongside the other top commodity trading giants, Glencore has historically received unaverred bank support. Last year caused many banks to scale back lending to commodities corporates and scrutinise their clients even further, which is expected to further widen the funding gap and concentrate funding in favour of large corporates and leave SMEs struggling.
- Some of Glencore's fundraising success during the year of the pandemic was simply down to lucky timing. Its largest borrowing, which closed in late March, was initially launched at \$8 billion, closing at a vastly oversubscribed \$10.75 billion before scaling back bank commitments to a final \$9.975 billion. This was one of the final deals to close before the global lockdown was implemented and costly 'Covid-premiums' began to crop up, stinging borrowers with extra fees from 10bp to as much as 70bp, and accounted for over half of Glencore's borrowing in 2020.
- In terms of debt volume per region, Europe remained the most active space for commodity finance, accounting for 43.9% of all debt. Unsurprisingly, next to follow was North America at 15.6% and Asia-Pacific at 12.6%.



Deals by volume

Breakdown by volume range

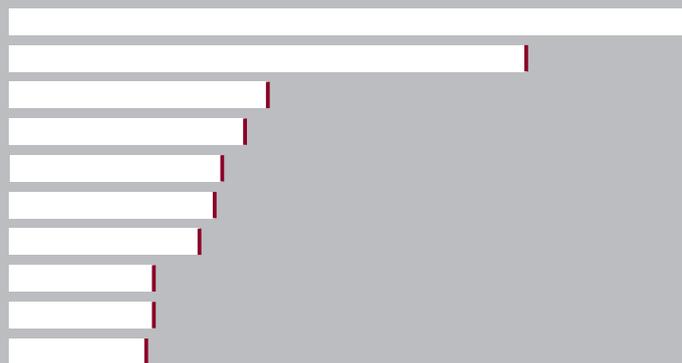
	\$m	No	%
<500	4,683	35	9.6%
500-1000	9,127	13	18.7%
1000-1500	7,387	6	15.1%
1500-2000	3,550	2	7.3%
2000-2500	4,500	2	9.2%
2500-3000	5,131	2	10.5%
3000-3500	3,000	1	6.1%
>50000	11,505	2	23.5%



Top borrowers

Top ten borrowers

	\$m	%
1 Trafigura	7,931	16.2%
2 Saudi Aramco	6,000	12.3%
3 Newmont Mining Co.	3,000	6.1%
4 Freepoint Commodities	2,761	5.6%
5 Air Products and Chemical	2,500	5.1%
6 Tullow Oil	2,400	4.9%
7 Mercuria Energy Trading	2,175	4.4%
8 Gunvor	1,703	4.4%
9 Castleton Commodities Int.	3,140	2.7%
10 Olam	2,565	2.2%

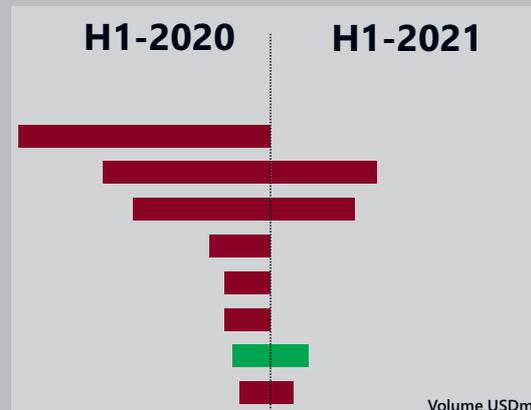




BORROWERS YEAR-ON-YEAR PERFORMANCE

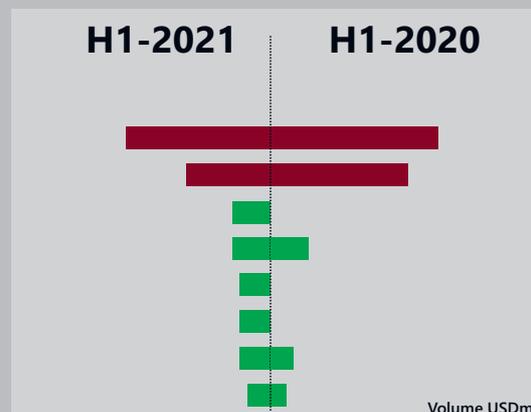
Top borrowers in H1-2020

	H1-2020		H1-2021	
	\$m	No	\$m	No
Glencore	18,780	3		
Trafigura	12,244	5	7,931	6
Saudi Aramco	10,000	1	6,000	1
Norilisk Nickel	4,450	2		
BASF SE	3,241	1		
ArcelorMittal	3,140	2		
Freeport Commodities	2,565	1	2,761	3
Castleton Commodities Int.	2,400	1	1,700	1

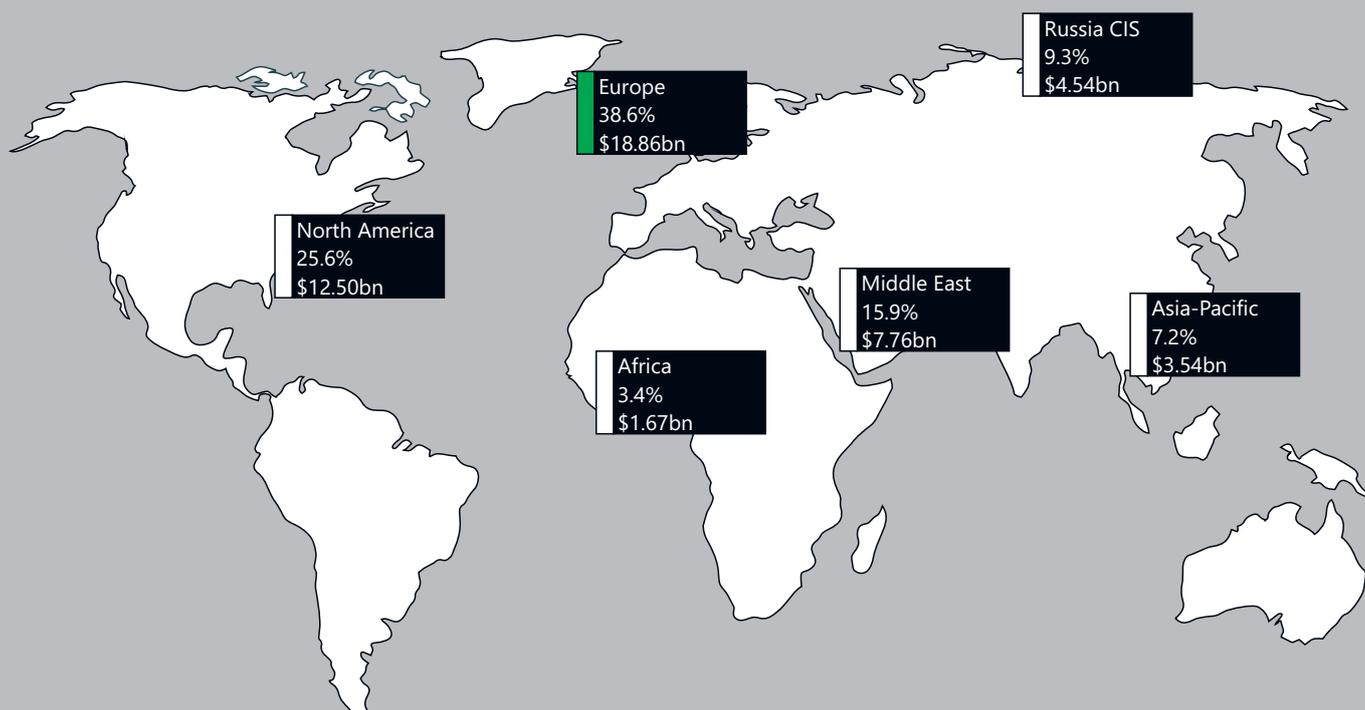


Top borrowers in H1-2021

	H1-2021		H1-2020	
	\$m	No	\$m	No
Trafigura	7,931	6	12,244	5
Saudi Aramco	6,000	1	10,000	6
Newmont Mining Co.	3,000	1		
Freeport Commodities	2,761	3	2,565	1
Air Products and Chemical	2,500	1		
Tullow Oil	2,400	1		
Mercuria Energy Trading	2,175	2	1,500	1
Gunvor	1,703	2	1,175	1

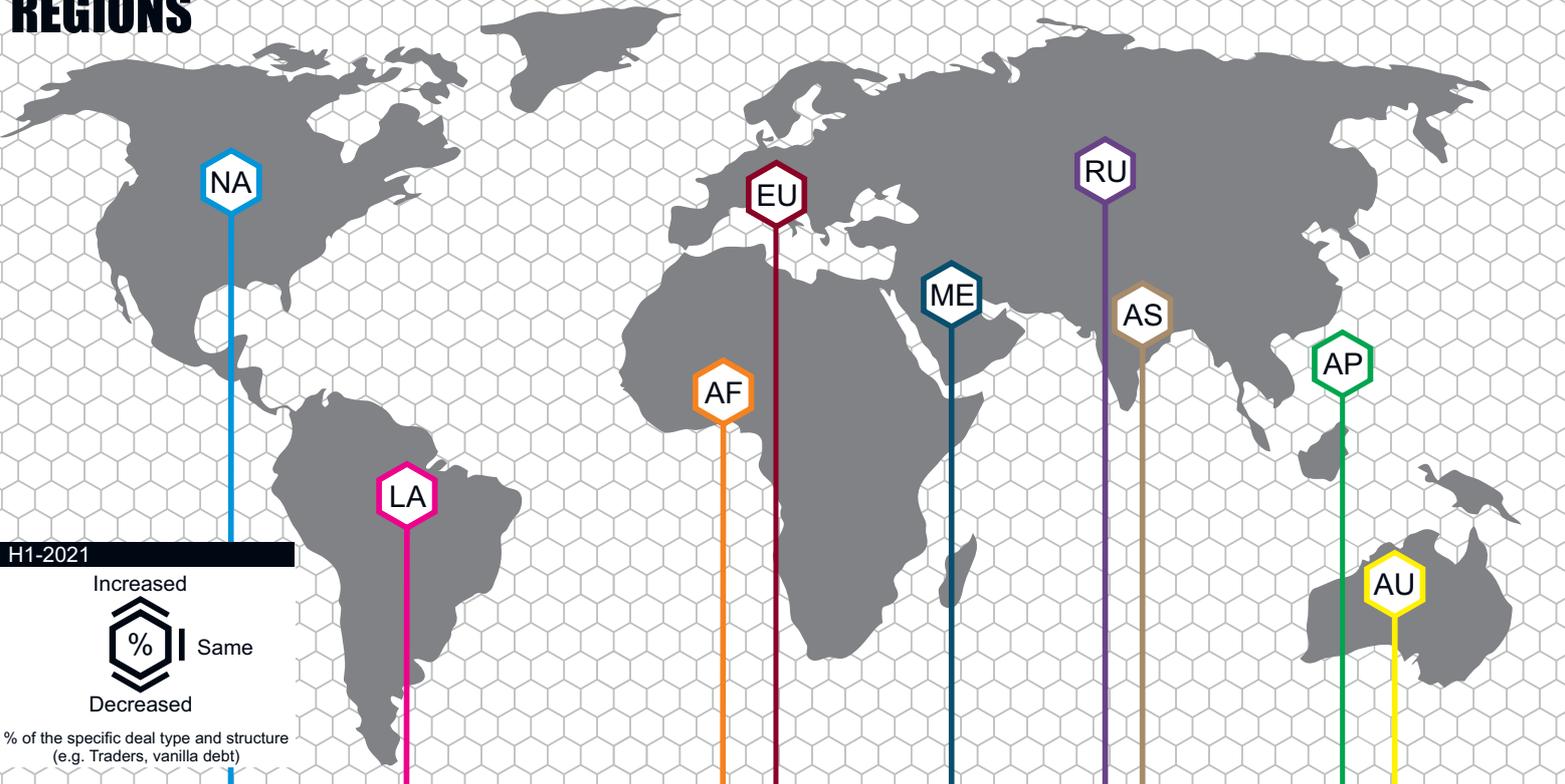


REGIONS

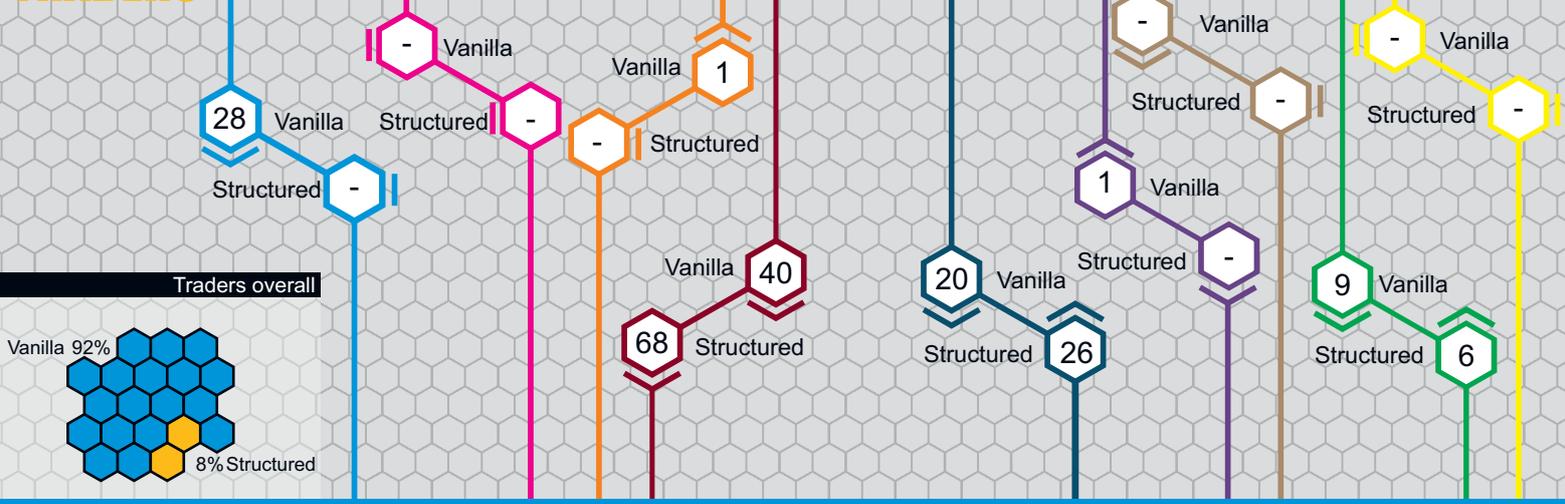




REGIONS



TRADERS



PRODUCERS

