

# Commodity finance

## market report

Full year 2014

A breakdown by:

- Region
- Sector
- Structure



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### THIS REPORT

**Alfonso Olivas**

Data and art editor  
alfonso.olivas@txfmedia.com

**Jonathan Bell**

Editor-in-chief  
jonathan.bell@txfmedia.com

**Hesham Zakai**

Content manager  
hesham.zakai@txfmedia.com

### TXF DATA

**Alfonso Olivas**

Head of data and analytics  
alfonso.olivas@txfmedia.com

**Max Carter**

Product development director  
max.carter@txfmedia.com

**James Petras**

Chief technology officer  
james.petras@txfmedia.com

**Dominik Kloiber**

Commercial director  
dominik.kloiber@txfmedia.com

**Dan Sheriff**

Managing director  
dan.sheriff@txfmedia.com

**Mailing address:**

TXF  
Canterbury Court  
Kennington Park  
1-3 Brixton Road  
London, SW9 6DE  
Tel: +44 (0) 20 3735 5180

**Registered office:**

TXF Limited  
7-10 Chandos Street  
London W1G 9DQ

Registered in England & Wales.  
Registered No: 08421624

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### Welcome to TXF Data's inaugural Commodity Finance market report.

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

The report focuses on two of the most common deal structures in the industry: revolving credit facilities (RCF) and pre-export financings (PXF). Combined, these are vital instruments in a trader's toolkit and the engine behind global commodity flows. By tracking the activity of these deal types, we hope to reflect the health of the industry and chart certain patterns and themes. It is a first step, and going forward we will look to improve the quality and the depth of the data on the deals that we are able to use

As well as looking at the number of deals done, the report focuses on other key indicators from tenor size and pricing to number of tranches and average number of participants per tranche.

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.

Going forward, we hope that the information we provide will not only be of use to everyone in the industry for strategic purposes, but also in external dialogue with regulators and governments as a testament to the importance of structured trade finance in driving global trade.

If you have any feedback on this report or would like any further information, please contact [hesham.zakai@txfmedia.com](mailto:hesham.zakai@txfmedia.com)

We hope you find this report useful and continue to use TXF Data for your business development needs.

Many thanks,

**The TXF Data team**

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Users are encouraged to visit and review individual deal data on [www.tagmydeals.com](http://www.tagmydeals.com) and contribute to the completeness and accuracy of our deal coverage.



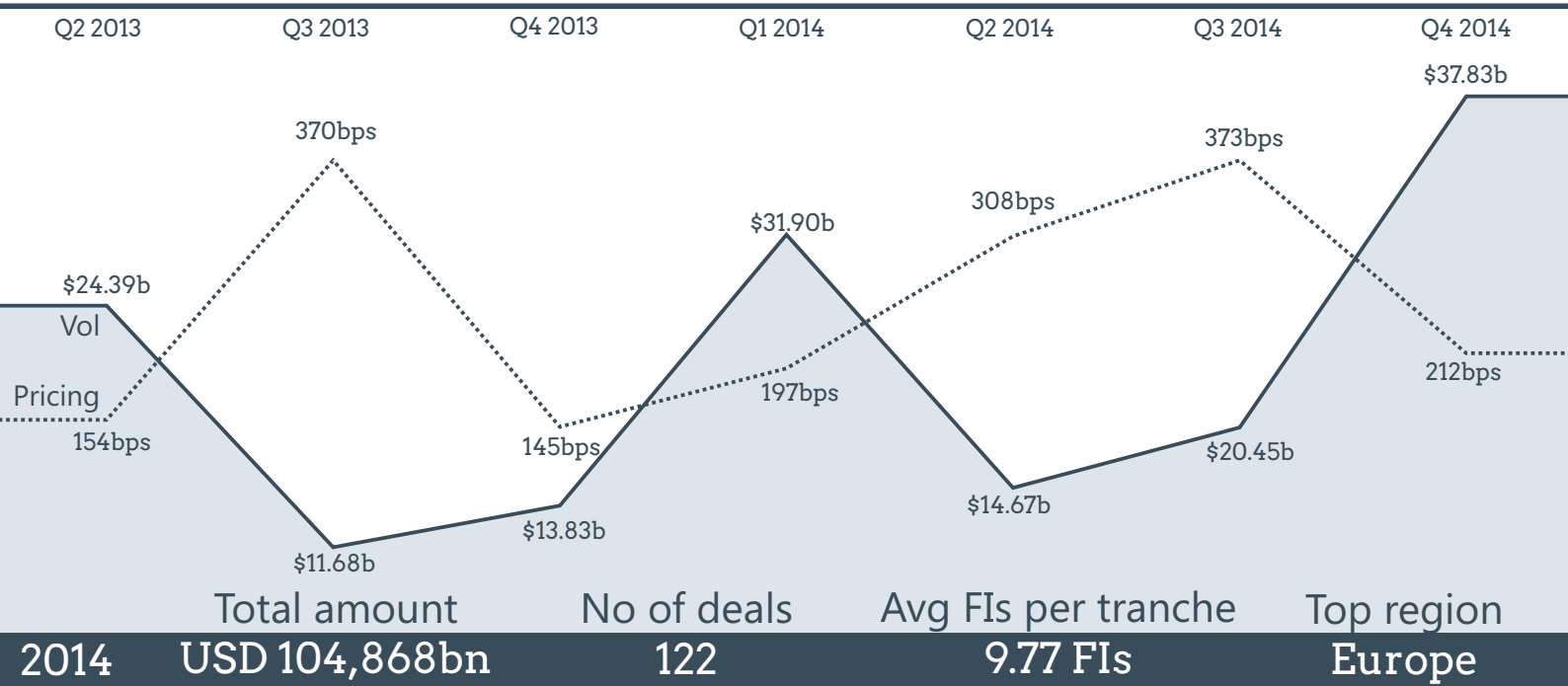
## Contents

<b>1. Market at a glance</b>	<b>5</b>
<b>2. Revolving credit facilities</b>	<b>6</b>
<b>3. Pre-export finance facilities</b>	<b>10</b>



# Commodity finance market status 2014

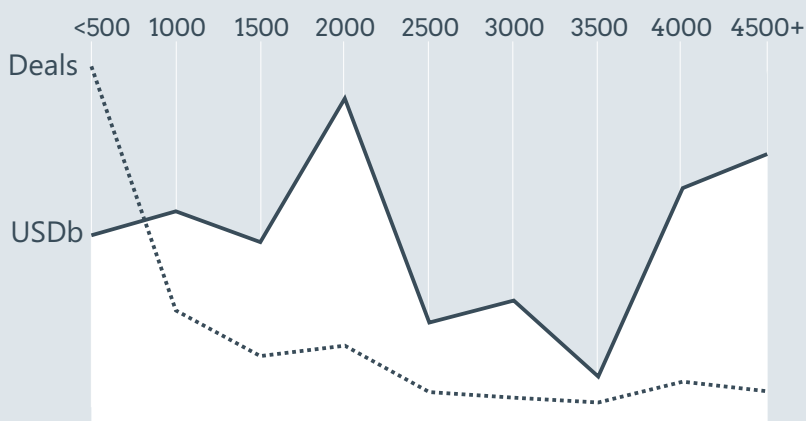
## Market at a glance



### Deals by volume

#### Breakdown by volume range

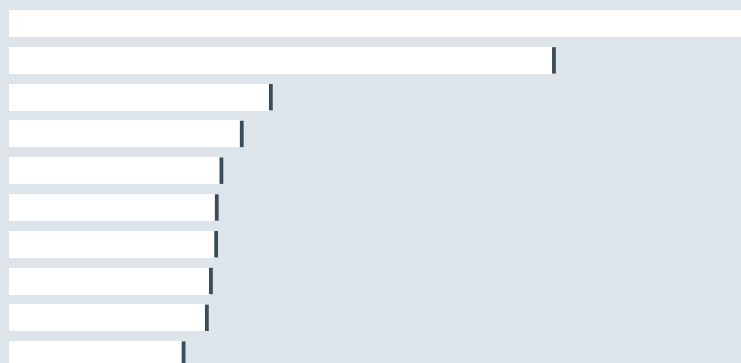
	USDm	No	%
<500	11,678.7	67	11.1%
500-1000	13,258.5	19	12.6%
1000-1500	11,293.0	10	10.8%
1500-2000	20,164.5	12	19.2%
2000-2500	6,320.0	3	6.0%
2500-3000	7,750.0	2	7.4%
3000-3500	3,000.0	1	2.9%
3500-4000	14,668.5	5	14.0%
>4000	16,735.0	3	16.0%



### Top borrowers

#### Top ten borrowers

		USDm	%
1	Trafigura	12,673	12.1%
2	Vitol	9,370	8.9%
3	UralChem	4,500	4.3%
4	Lundin Petroleum	4,000	3.8%
5	Mercuria Energy	3,650	3.5%
6	Newmont Mining	3,575	3.4%
7	RUSAL	3,560	3.4%
8	Stemcor	3,470	3.3%
9	Guvnor	3,400	3.2%
10	Det Norske Oljeselskap	3,000	2.9%



Find the methodology at: [www.txldata.com/methodology](http://www.txldata.com/methodology)

# Commodity finance market status 2014

## Revolving Credit Facilities



RCF

Total amount  
USD 46,649m

No of deals  
41

Avg deal size  
USD 1,137.8m

Top region  
Europe

Revolving credit facilities continue to be a key instrument in a commodity trader's toolbox, offering the flexible liquidity that is more needed at a time when pricing has been fluid. TXF registered 41 RCFs in 2014, amounting to \$46.6 billion. Energy and agricultural commodities accounted for three-quarters of this total, with independent energy traders Trafigura and Vitol leading the way. Trafigura's one-year facility saw its pricing drop to 95 BPS over Libor from 130 BPS, while Vitol's incorporated four new banks to bring the total to 55 – with both points illustrating the availability of financing for top tier traders in 2014.

The average RCF was \$1.1 billion, though there is expectedly a large gulf between the biggest (\$17.34 billion) and smallest facility (\$7.34 million) in 2014.

### Sector breakdown

	USDm	No	%	
Energy	24,826.0	14	53.2%	↑
Agri/soft commodities	10,342.9	14	22.2%	↑
Metals and mining	5,190.0	9	11.1%	↓
Chemicals/Petrochemicals	7.3	1	0.1%	↑
Other	6,283.5	3	13.5%	↑

## RATINGS

### Prime to high grade

Fitch: AAA/AA-	Total amount: \$0m	—
Moody's: Aaa/Aa3	No of deals: 0	
S&P: AAA/AA-	% of the total: 0%	

### Upper to lower medium grade

Fitch: A+/BBB-	Total amount: \$27,466.9m	↑
Moody's: A1/Baa3	No of deals: 5	
S&P: A+/BBB-	% of the total: 13.1%	

### Non-investment grade to highly speculative

Fitch: BB+/B-	Total amount: \$1,266.0m	↑
Moody's: Ba1/B3	No of deals: 3	
S&P: BB+/B-	% of the total: 2.7%	

### Substantial risks to in default

Fitch: CCC/D	Total amount: \$320.0m	↑
Moody's: Caa1/C	No of deals: 1	
S&P: CCC+/D	% of the total: 0.7%	

### Unrated

Total amount: \$38,963.78m	↑
No of deals: 32	
% of the total: 83.5%	

# Commodity finance market status 2014

## Revolving Credit Facilities

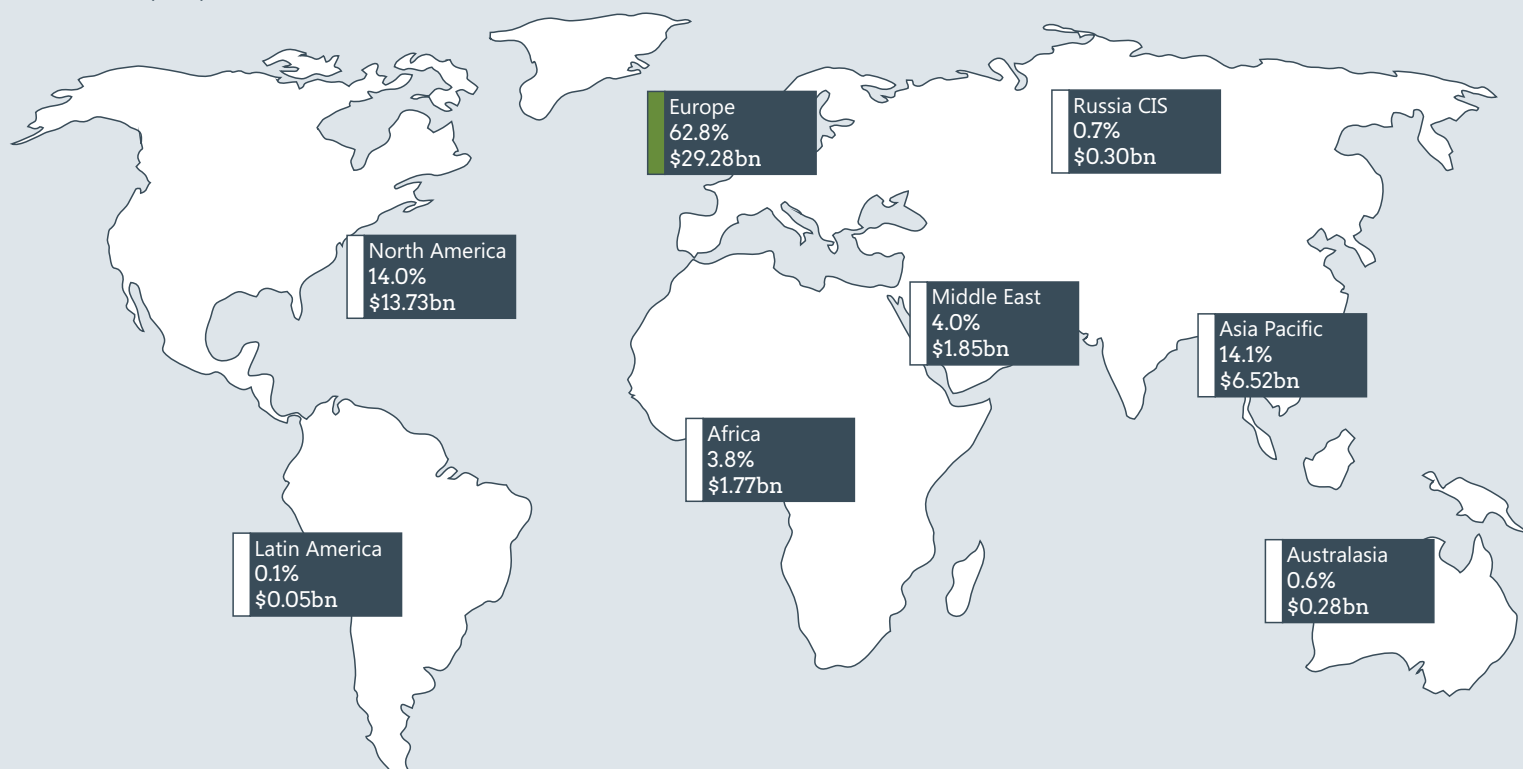


### REGIONS

What is most instructive, if unsurprising, about the RCF breakdown by region is not those that are best-performing but those that are suffering, particularly Russia CIS. That market, which for so long comprised a key chunk of major commodity banks' portfolios, has now almost totally dried up as far as unsecured RCFs are concerned.

Moreover, some of the less developed markets have had only limited success in replacing lost Russian revenues: Africa (3.8%) continues to promise more than it delivers while the Middle East fares only slightly better (4%).

On the positive side, the Asia Pacific market share is growing (14.1%) and is now narrowly larger than the shale-fuelled North American market (14%).



### TRANCHES

Avg tranche size  
**USD 833.03m**

Avg No of tranches  
**1.37**

Avg tenor  
**2.45y**

Avg pricing  
**166bps**

The average pricing currently sits at 166 BPS over Libor, but what this doesn't reflect is a larger trend in the commodities market: cheap financing is available for the largest traders with track records, but increasingly expensive for small and mid-sized players.

In terms of tenor, the range has broadened significantly. In 2013, it ranged from 1 year to 5 years; in 2014 that range was 90 days to 7 years.

Tenor			
	2014	2013	Difference
	Years	years	%
Max	7.00	5.00	+40%
Avg	2.45	2.72	-9.9%
Min	0.25	1.00	-75.0%

# Commodity finance market status 2014

## Revolving Credit Facilities



### CURRENCIES

Top five currencies					
		2013		2014	
		USDm	%	USDm	%
1	US Dollar (USD)	40,841.9	100%	45,670.5	97.9% ↓
2	Norwegian Krone(NOK)	0.0	0.0%	501.0	1.1% ↑
3	Australian Dollar (AUD)	0.0	0.0%	2,143.6	0.6% ↑
4	Euro (EUR)	0.0	0.0%	1,175.0	0.3% ↑
5	Japanese Yen (JPY)	0.0	0.0%	791.4	0.1% ↑

\$<sub>US</sub>

¥ € \$<sub>AU</sub> Kr

### BORROWERS AND LENDERS

Top ten borrowers. RCFs			
		USDm	No of deals
1	Trafigura	10,518	4
2	Vitol	9,370	2
3	Mercuria Energy	3,650	2
4	Olam International	2,838	2
5	Guvnor	2,280	3
6	Noble Group	2,000	1
7	Oman Oil	1,850	1
8	Bunge Finance	1,750	1
9	ED&F Man	1,722	1
10	MOL Group	1,550	1



Top ten Lenders. RCFs				
		USDm	No of deals	% (Participation)
1	ING Bank	3,301.4	26	63% ↓
2	Societe Generale	3,209.2	22	54% □
3	Credit Agricole	2,643.2	13	32% ↑
4	UniCredit	2,312.8	9	22% ↑
5	Standard Chartered	1,353.1	18	44% ↑
6	ABN AMRO	1,208.5	17	41% ↑
7	Natixis	1,119.2	17	41% ↓
8	Rabobank	1,066.0	19	46% ↑
9	HSBC	1,065.3	17	41% ↓
10	DBS	1,023.2	16	39% ↑



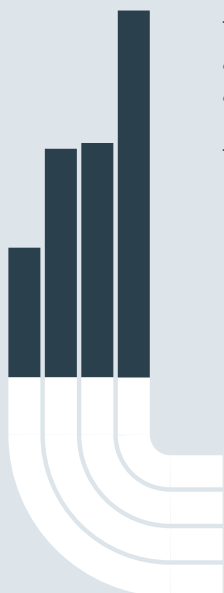


Total amount  
USD 18,395m

No of deals  
21

Avg deal size  
USD 901.6m

Top region  
Russia CIS



TXF Data registered roughly half the number of pre-export finance facilities (PXFs) as RCFs in 2014 with the average deal size also being approximately \$240 million smaller. The metals and mining sector, which only accounted for 11.1% of RCFs, was the most common PXF sectors accounting for 38.3% of that market.

The total amount of financing raised via PXFs was \$18.4 billion.

Sector breakdown			
	USDm	No	%
Metals and mining	7,249	7	38.3% ↑
Energy	4,648	3	24.4% ↑
Manufacturing	4,500	1	23.8% ↑
Agri/soft commodities	7.3	1	13.5% ↑

## RATINGS

### Prime to high grade

Fitch: AAA/AA-  
Moody's: Aaa/Aa3  
S&P: AAA/AA-  
Total amount: \$0m  
No of deals: 0  
% of the total: 0%



### Upper to lower medium grade

Fitch: A+/BBB-  
Moody's: A1/Baa3  
S&P: A+/BBB-  
Total amount: \$1305m  
No of deals: 1  
% of the total: 6.9%



### Non-investment grade to highly speculative

Fitch: BB+/B-  
Moody's: Ba1/B3  
S&P: BB+/B-  
Total amount: \$1,605m  
No of deals: 3  
% of the total: 8.5%



### Substantial risks to in default

Fitch: CCC/D  
Moody's: Caa1/C  
S&P: CCC+/D  
Total amount: \$50m  
No of deals: 1  
% of the total: 0.3%



### Unrated

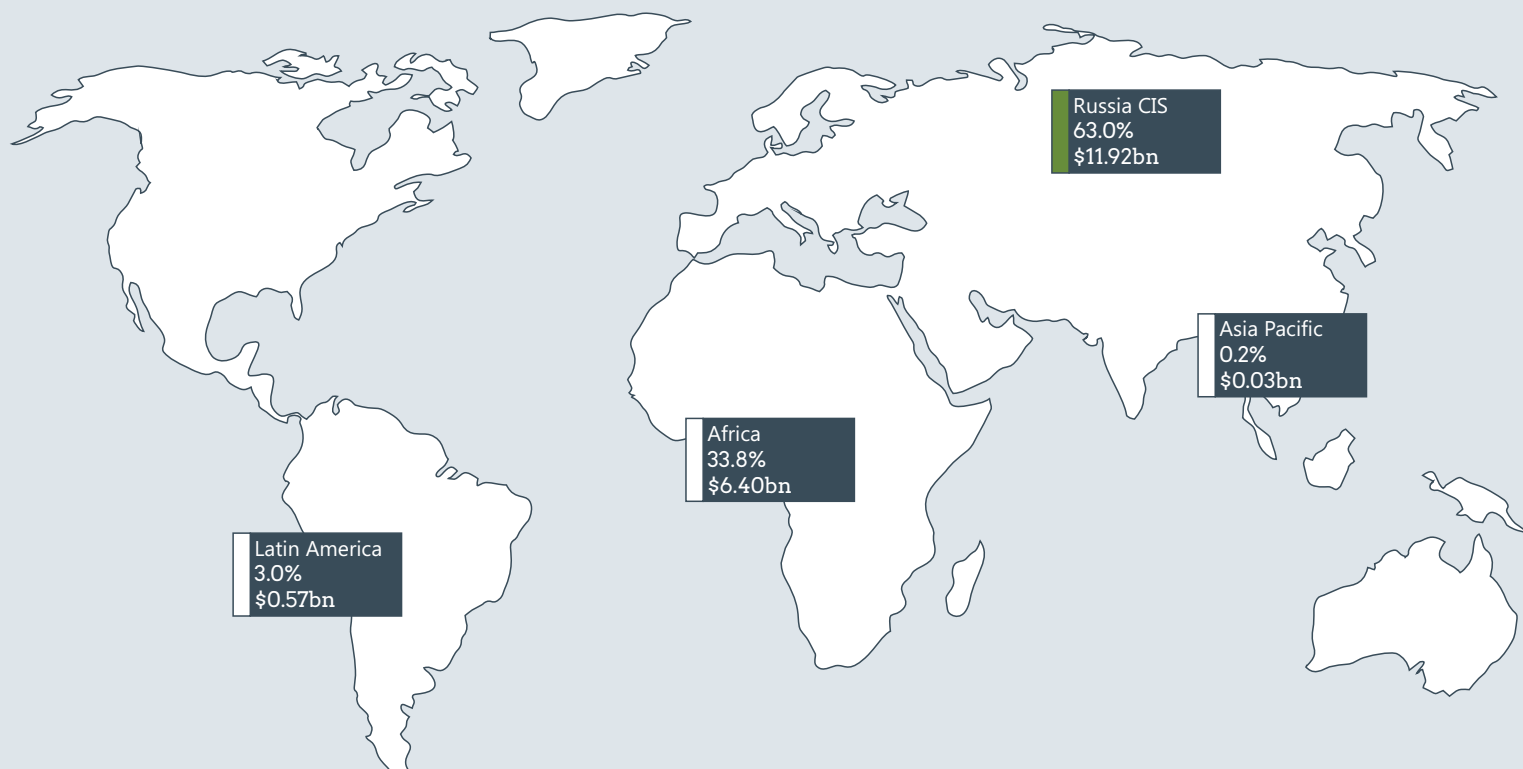
Total amount: \$7987m  
No of deals: 16  
% of the total: 84.4%





### REGIONS

Pre-export financings broadly speaking can offer lenders a greater degree of security as compared with RCFs, hence the continuance of PXFs in Russia – albeit on a smaller scale than in previous years. Nonetheless, it accounted for nearly two-thirds of all PXFs in 2014, primarily on the back of its strong metals and mining sector. The other key region where PXFs were utilised was Africa, with \$6.4 billion worth of PXF facilities there, including the ever-present Cocobod transaction.



### TRANCHES

Avg tranche size  
**USD 757.4m**

Avg No of tranches  
**1.19**

Avg tenor  
**3.81y**

Avg pricing  
**228bps**

The majority of PXFs registered were comprised of a sole tranche, hence the average number of tranches is just 1.19 across all the transactions. At 228 bps, the average pricing for PXFs was significantly higher than for RCFs. This likely reflects a greater risk in the Russia and Africa-based borrowers as opposed to a greater inherent risk in PXFs as a structure.

Tenor			
	2014	2013	Difference
	Years	years	%
Max	7.00	5.00	+40%
Avg	3.80	3.26	+16.5%
Min	0.75	1.00	-25.0%



### CURRENCIES

Top currencies				
		2013		2014
		USDm	%	USDm %
1	US Dollar (USD)	40,841.9	100%	27,369.0 97.9% ↓
4	Euro (EUR)	0.0	0.0%	48.0 0.3% ↑

\$<sub>US</sub>

€

### BORROWERS AND LENDERS

Top ten borrowers			
		USDm	%
1	Uralchem	4,500	23.7%
2	Rusal	3,560	18.8%
3	Sonangol	2,000	10.5%
4	Ghana Cocoa Board	1,700	8.9%
5	Siberian Coal Energy	1,500	7.9%
6	Egyptian Coal Energy Co	1,323	6.9%
7	Glencore	1,305	6.8%
8	Metalloinvest	1,105	6.1%
9	Evrast	425	2.2%
10	KAZ Minerals	334	1.7%



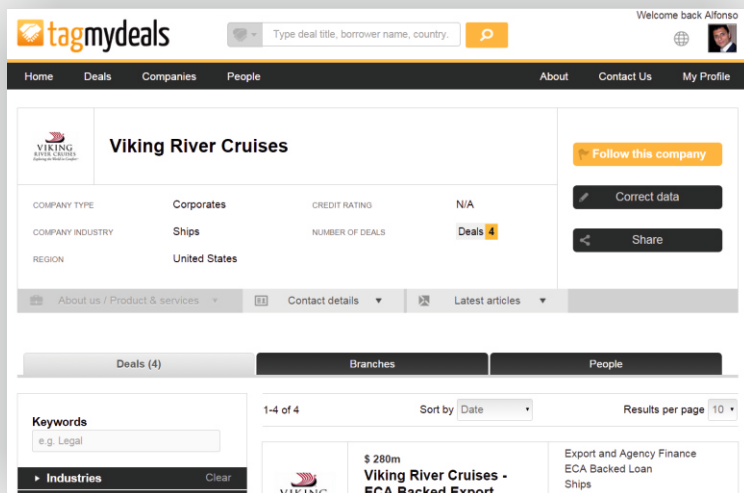
Top ten Lenders				
		USDm	No of deals	% (Participation)
1	VTB Bank	4,500.0	1	5% ↓
2	BNP Paribas	1,144.4	3	14% ↓
3	Standard Chartered	937.5	2	10% ↓
4	ING Bank	762.0	8	38% ↑
5	Deutsche Bank	425.7	6	29% □
6	Gazprombank	588.2	2	10% ↑
7	Societe Generale	514.8	7	19% ↓
8	Sberbank	500.0	1	5% ↑
9	MUFG	484.3	4	19% ↑
10	Natixis	423.7	4	19% ↓

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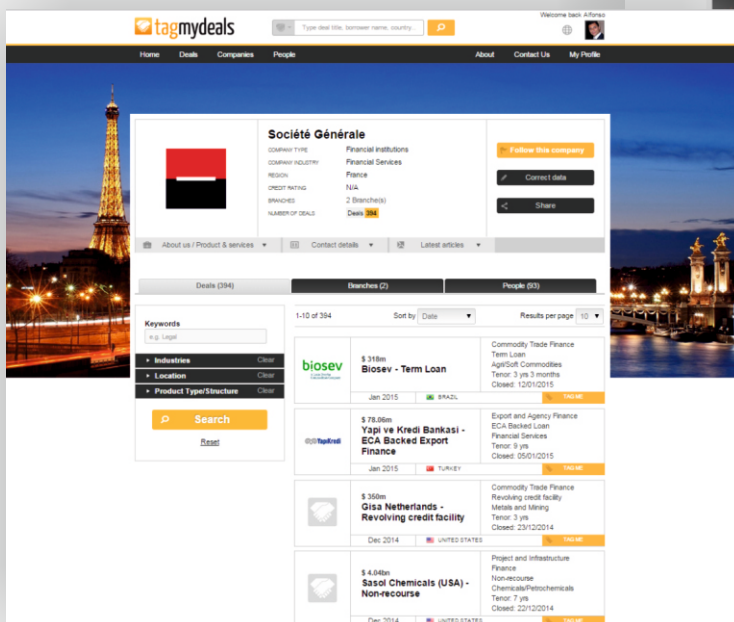
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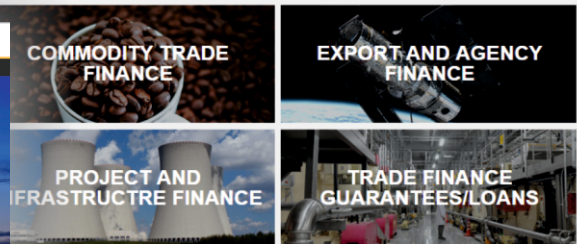


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## This is just the beginning...

We realise that we have a lot more data to collect and we need your help. If you want to see better reporting and visibility on commodity trade finance, please get in touch to help us move this industry forward.

Please contact us at : [team@tagmydeals.com](mailto:team@tagmydeals.com)

**TXF**  
Canterbury Court  
Kennington Park  
1-3 Brixton Road  
London, SW9 6DE  
Tel: +44 (0) 20 3735 5180  
[www.txfnews.com](http://www.txfnews.com)  
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