F.O. LICHTS

World Ethanol Price Report

Vol. 13, No. 33 January 29, 2018

World - Ethanol prices for the week ended 26 January, 2018

European Union (in EUR/hl pure alcohol, delivered at place, unless stated otherwise)

Fuel		Contract	Spot
Central	**Current**	**47-49**	**47-49**
	12 months ago (27 January, 2017)	57-59	58-61
North	**Current**	**47-48**	**no quote**
	12 months ago (27 January, 2017)	57-59	no quote
East	**Current**	**49-51**	**49-51**
	12 months ago (27 January, 2017)	57-59	56-58
		T1	**T2**
NW European ports fob	**Current**	**USD 43.5-44.5**	**46.5-47.5**
	12 months ago (27 January, 2017)	USD 46.5-47.5	58.5-61.5

Non-Fuel		Contract		Spot	
		96°	**99°**	**96°**	**99°**
West	**Current**	**61-62 (I)** **54-56 (REN)** **61-63 (B)**	**66-67 (I)**	**60-61 (I)** **54-55 (REN)** **60-63 (B)**	**66-67 (I)**
	12 months ago (27 January, 2017)	60-62 (I) 52-54 (REN) 60-62 (B)	64-65 (I)	61-63 (I) 53-54 (REN) 61-63 (B)	64-65 (I)
Central	**Current**	**60-62 (I)** **54-56 (REN)** **60-63 (B)**	**64-66 (I)**	**60-62 (I)** **54-55 (REN)** **60-63 (B)**	**64-66 (I)**
	12 months ago (27 January, 2017)	59-61 (I) 53-55 (REN) 59-61 (B)	62-64 (I)	60-62 (I) 54-55 (REN) 60-62 (B)	62-64 (I)
South	**Current**	**61-63 (I)** **61-63 (B)**	**68-70 (I)**	**61-62 (I)** **61-63 (B)**	**68-70 (I)**
	12 months ago (27 January, 2017)	61-63 (I) 60-61 (B)	68-70 (I)	61-63 (I) 60-62 (B)	68-70 (I)
North	**Current**	**60-62 (I)**	**65-67 (I)**	**no quote (I)**	**no quote (I)**
	12 months ago (27 January, 2017)	59-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	**Current**	**61-64 (I)** **61-65 (B)** **no quote (P)**	**64-65 (I)**	**61-64 (I)** **62-66 (B)** **no quote (P)**	**64-65 (I)**
	12 months ago (27 January, 2017)	60-63 (I) 58-62 (B) no quote (P)	64-66 (I)	60-63 (I) 59-62 (B) no quote (P)	64-66 (I)
		T1		**T2**	
NW European ports fob	**Current**	**no quote (99)** **no quote (REN)** **no quote (surfin)**		**no quote (99)** **51-53 (REN)** **56-57.5 (surfin)**	
	12 months ago (27 January, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 49-51 (REN) 55-56 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	**Anhydrous (EPA)**	**Grade B**	
Brazil, fob Santos	**550-620**	**570-660**	**535-635**	
	Chicago	**New York**		
USA, Spot	**351-357**	**383-388**		
	Anhydrous		**ENA**	**Industrial**
Pakistan, fob Karachi (USD/tonne)	**725-740**		**665-675**	**625-630**

B: beverage; I: industrial; P: pharmaceutical; REN: rectifié extra neutre; ENA: extra neutral alcohol; EPA: Environmental Protection Agency

European Market Comments

The **traditional** market remained in the familiar ranges as the sector slowly comes back to life. So far, activity remains restricted to routine business.

Fuel ethanol prices were lower in the spot month with January losing another EUR10 to EUR455-460 per cubic metre. February deliveries lost the same to EUR460-465 while March was assessed at EUR465-470, down EUR5 on the week.

New **freight** fixtures for overseas included ex US Gulf roughly 25 mln litres of ethanol for Brazil on the vessel Sichem Falcon in the mid-$50s per tonne for late January and the same volume for the west coast of India on the SC Taurus in the high $50s for early February, while around 30 mln were fixed from Peru and Guatemala to ARA in the mid-$50s on the Navig 8 Sirius for mid/late February, industry sources reported. Intra-EU enquiries were reported for 3.5 mln litres from ARA to Immingham/United Kingdom, while there also was interest in shipping 3,500-4,000 tonnes of ETBE from ARA to northern France as well as 7,000-10,000 of ETBE/MTBE from Fos/France to Taranto and Venice/both Italy (all for late January).

World Ethanol - Port Statistics (tonnes) - week beginning January 29, 2018									
							Sailing		
Country	Port	Ship Name	Status	Load.	Unload.	Origin	on	to	ETA
USA	Gulf Coast	Navig8 Universe	S	30,000			24/12/2017	China	
Brazil	Paranagua	MTM St Jean	B		7,903	USA			
	Paranagua	Bunga Allium	E		15,702	USA			28/01/2018
	Paranagua	Stolt Endurance	S	20,977			23/01/2018	US Gulf	07/02/2018
	Paranagua	Marie C	S	21,000			25/12/2017	US Gulf	31/01/2018
	Santos	Nordic Lynx	E		10,240	USA			
	Santos	Bochem Luxembourg	S	16,000			03/01/2018	US Gulf	21/01/2018
	Suape	Pigeon Point	E		15,000	USA			26/01/2018
Guatemala	Quetzal	Jo Spirit	S	4,425			24/01/2018		
	Quetzal	Chemstar Stellar	E	12,000					06/02/2018
	Quetzal	Chembulk Shanghai	S	3,908			08/01/2018	China	06/02/2018
Pakistan	Karachi	Oriental Protea	S	3,500			21/01/2018		
	Karachi	Chemroad Fuji	B	10,040					
	Karachi	Maritime Equator	S	8,500			14/01/2018	Singapore	24/01/2018
	Karachi	BW Lithium	S	11,820			22/12/2017	China	15/01/2018
	Karachi	Oriental Rose	S	4,550			27/12/2017	Italy	
	Karachi	Chemroad Sakura	S	3,930			31/12/2017	Med	
Europe	Rostock	Havva Ana	E	5,000					30/01/2018

***only customs clearing, **ETBE; A: Anchored; B: Berthed; E: Expected; S: Sailed**

European Market Fundamentals

Germany - US agribusiness major Cargill said it plans to expand its starches and sweeteners plant in Krefeld, North Rhine Westphalia and switch to using wheat as a raw material.

The plant currently produces starches and sweeteners from corn for products including jams, sweets, chewing gum and custard powder.

Work will be completed in 2020, the company said, without providing figures on production capacity or tonnage of wheat involved. The expansion will add products including vegetable wheat protein, specialised industrial wheat starches and advanced biofuels.

Brazilian Market Comments

The rise in local prices started to reverse as distillers increasingly took advantage of the steep discount of anhydrous vs. hydrous by adding water to the former. Normally, anhydrous carries a premium because of the higher cost of production. However, surging demand for hydrous ethanol at the pump reversed this relationship.

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Hydrous ethanol was offered at BRL2,250-2,280 per cubic metre (exw; taxes included), down BRL20 on the week, while offers for anhydrous grades were unchanged at BRL2,100-2,150.

Brazil - Ethanol sales in the Centre/South (CS) in the first half of January 2018 rose by 19% on the year to 1.042 bln litres, sugar industry group Unica reported, following a 10% increase to 2.323 bln for December.

Growth came from the hydrous segment (656 mln litres, up 50%, after a plus of 27% in December).

Total ethanol sales so far in the CS in the current Apr/Mar cycle totalled 21.044 bln litres, down slightly on 21.256 bln one year earlier.

Brazil: CS Ethanol Sales (mln litres; Apr/Mar season)

	H1 Jan 2018	H1 Jan 2017	Change y/y in %	Cumulative 2017/18	Cumulative 2016/17	Change y/y in %	2016/17
Domestic market	1,021	830	23	19,762	20,066	-2	24,609
Anhydrous	365	393	-7	7,543	8,091	-7	10,276
Hydrous	656	438	50	12,219	11,975	2	14,333
Export	21	45	-53	1,282	1,190	8	1,357
Anhydrous	21	44	-52	898	654	37	804
Hydrous	0	1	-100	385	536	-28	553
Total	1,042	875	19	21,044	21,256	-1	25,966
Anhydrous	385	437	-12	8,440	8,746	-3	11,080
Hydrous	657	438	50	12,604	12,511	1	14,886

Source: Unica

US Market Comments

Futures prices for ethanol in Chicago received some support from the energy complex and the corn market. The front-month February contract settled at $1.361 per gallon, up from $1.332 last week.

In **spot** market, prompt deliveries at the Argo terminal in the **Chicago** area traded at $1.36 per gallon, up 6.0 cents on the week. Prompt delivered ethanol by barge in the **New York Harbour** was assessed at $1.46, up 3 cents on the week.

United States - Fuel ethanol production in the week to January 19, 2018 averaged 1.062 mln barrels per day (bpd), the Energy Information Administration (EIA) said. This compares with 1.061 mln bpd in the prior week and 1.054 mln one year ago and was a three-week high. The four-week average was 1.038 mln bpd, down 1% on the year.

Imports remained at nil for the seventh consecutive week.

Refiner and blender net input averaged 826,000 bpd, compared with 856,000 in the preceding week and 833,000 one year ago. Based on the amount of motor gasoline supplied, the average blending ratio was around 9.5% vol., compared with 9.9% one week earlier and 10.4% last year.

Stocks rose to 23.8 mln barrels, the highest level since the start of recordings mid-2010, from 22.7 mln in the prior week and above the previous record of 23.7 mln set in the last week of March 2017. It was the fourth consecutive stock build. The sharpest increases on the week were on the East Coast (7.4 mln barrels vs 7.0 mln), the Midwest (8.4 mln vs 8.1 mln) and the Gulf Coast (4.9

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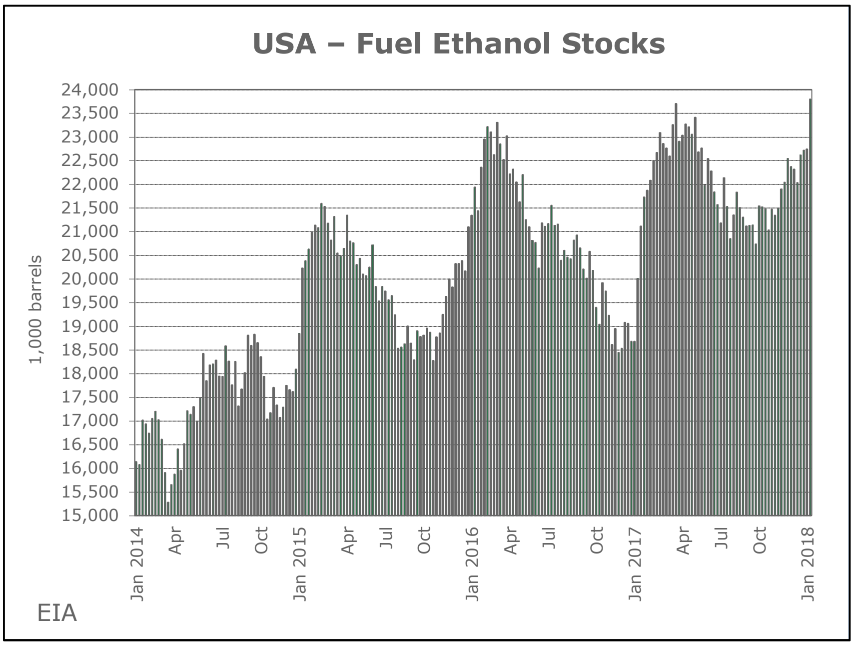
mln, another record level, vs 4.5 mln). However, inventories on the West Coast were also up w/w (2.9 mln barrels vs 2.8 mln).



Asia Market Comments

China - Ethanol exports in December 2017 totalled 3.8 mln litres, a three-month low, down from 6.4 mln in November and 6.2 mln last year, trade data show, with the bulk of the December total going to North Korea.

Jan/Dec shipments totalled 133.2 mln litres, the highest since 2010 (2016: 33.7 mln). The main destination was Saudi Arabia (70.1 mln litres vs nil in 2016), followed by North Korea (36.8 mln vs 13.6 mln).

Imports in 2017 declined sharply on the year (25.0 mln litres vs 890.1 mln), after new import tariffs worsened economics for shipments from the US and Brazil. The main origins were Pakistan (12.6 mln litres vs 14.5 mln) and Vietnam (11.1 mln vs 3.7 mln).

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