F.O. LICHTS

World Ethanol Price Report

Vol. 13, No. 34 February 5, 2018

World - Ethanol prices for the week ended 2 February, 2018

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

Fuel		Contract	Spot
Central	Current	**46-48**	**46-48**
	12 months ago (3 February, 2017)	57-59	59-61
North	Current	**47-48**	**no quote**
	12 months ago (3 February, 2017)	57-59	no quote
East	Current	**49-51**	**49-51**
	12 months ago (3 February, 2017)	57-59	56-58
		T1	T2
NW European ports fob	Current	**USD 46-47**	**45-46**
	12 months ago (3 February, 2017)	USD 46.5-47.5	59-61.5

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 (3 February, 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 (3 February, 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 (3 February, 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 (3 February, 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 (3 February, 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 (3 February, 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	**362-365**	**396**		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	**740-750**		**670-690**	**640-650**

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 continues to be in a state of semi-hibernation. So far, activity remains restricted to routine business and the fulfilment of contracts.

Fuel ethanol prices continued to move lower. February deliveries were assessed at EUR450-455 per m^3, down EUR10. March lost up to EUR5 to EUR460-470 and April was put at EUR465-475.

World Ethanol - Port Statistics (tonnes) - week beginning February 5, 2018

Country	Port	Ship Name	Status	Load.	Unload.	Origin	Sailing on	Sailing to	ETA
USA	Gulf Coast	Navig8 Universe	S	30,000			24/12/2017	China	
	Gulf Coast	Sichem Falcon	E	20,000				Brazil	
	Gulf Coast	SC Taurus	E	20,000				WC India	
Brazil	Aratu	Stolt Vision**	E	5,000					
	Itaqui	Gulf Mist*	E		33,000	USA			
	Itaqui	MTM Rotterdam	E		5,000	USA			
	Itaqui	Shamrock Jupiter	E		4,000	USA			
	Paranagua	Bow Tribute	E		3,013				
	Paranagua	Bunga Allium	E		11,846	USA			
	Paranagua	Stolt Endurance	S	20,977			23/01/2018	US Gulf	07/02/2018
	Santos	Bunga Allium	B		6,065	USA			
Guatemala	Quetzal	Jo Spirit	S	4,425			24/01/2018	Puerto Rico	03/02/2018
	Quetzal	Chemstar Stellar	E	12,000					06/02/2018
	Quetzal/Peru	Navig8 Sirius	E	23,500					
	Quetzal	Fairchem Filly	E	11,600					
	Quetzal	Chembulk Shanghai	S	3,908			08/01/2018	China	07/02/2018
Pakistan	Karachi	BW Gallium	B	13,000					
	Karachi	Oriental Protea	S	3,500			21/01/2018	Med	
	Karachi	Chemroad Fuji	S	10,040			23/01/2018		
	Karachi	Maritime Equator	S	8,500			14/01/2018	China	31/01/2018
	Karachi	Chemroad Sakura	S	3,930			31/12/2017	UAE	
Europe	Norrköping	Nimbus	S	5,000			04/02/2018	Germany	
	Rostock	Nimbus	E		5,000	Sweden			
	Rostock	Havva Ana	E	5,000					04/02/2018

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

Europe - Fuel Ethanol Prices, fob Rotterdam

		T1				T2				T1-T2 Spread
Year	Month	USD/m^3	USD/tonne	EUR/m^3	EUR/tonne	EUR/m^3	EUR/tonne	USD/m^3	USD/tonne	EUR/m^3
2016	8	461	584	411	521	475	602	532	675	-64
	9	480	608	428	542	461	584	517	655	-33
	10	500	634	454	575	476	603	524	664	-22
	11	493	625	455	577	464	588	502	637	-9
	12	509	645	483	612	522	662	550	698	-39
2017	1	479	607	451	571	594	753	631	800	-143
	2	484	613	454	576	636	806	677	858	-181
	3	483	612	453	574	599	759	639	810	-146
	4	509	645	475	602	544	689	583	739	-69
	5	475	586	430	531	586	743	648	821	-156
	6	483	574	431	512	574	728	643	815	-143
	7	481	574	418	498	571	724	658	834	-153
	8	490	621	416	527	550	697	648	821	-134
	9	477	605	400	507	530	672	631	800	-130
	10	453	574	385	488	461	584	542	687	-76
	11	455	577	387	491	468	593	550	697	-81
	12	422	535	357	452	472	598	559	708	-115
2018	1	433	549	356	451	474	601	577	731	-118

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European Market Fundamentals

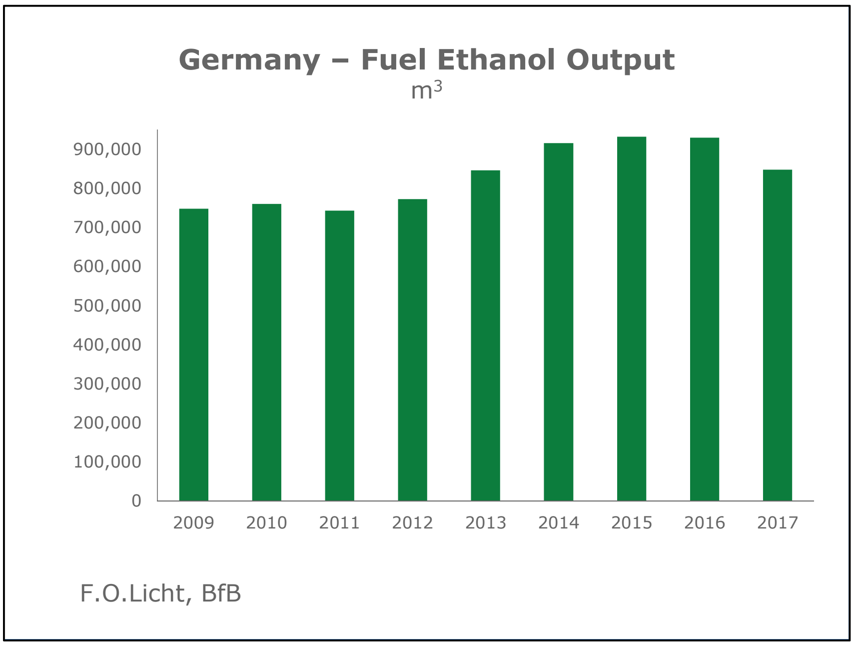
Germany - Fuel ethanol output in Oct/Dec 2017 totalled 251 mln litres, the most recent data from government agency BfB (Bundesmonopolverwaltung für Branntwein) show.

The Q4 total compares with 272 mln litres last year.

The share of sugary feedstock (mainly beets) rose only slightly to 29% from 28% (74 mln litres vs 75 mln). This is surprising as Germany is currently processing a record breaking sugar crop.

The main feedstock remained wheat (39% vs 29%), while the rye share fell to 10% from 17%.

The Jan/Dec total amounted to 848 mln litres, a four-year low, down from 930 mln. The sugar-based share declined to a historical low of 21% from 26% (178 mln litres vs 241 mln), while that wheat rose to a record 40% from 28%.



Brazilian Market Comments

The market was stable in the latest week as business remained subdued. This is unlikely to change as the country prepares for the carnival holidays. The line-up of ethanol ships waiting to unload material in the country remains impressive as traders continue to take advantage of the open arbitrage with the US market. At the end of January, the line-up reached 197 mln litres against 173 mln last month.

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

Brazil - Ethanol exports rebounded in January reaching 121 mln litres against 65 mln in December and were also higher than the 103 mln recorded in January 2017.

This brought total exports in the current 2017/18 (Apr/Mar) cycle to 1.328 bln litres against 1.259 bln in the same period a year ago.

Total exports in 2016/17 were 1.376 bln litres.

The official numbers are at odds with shipping records which show only minor ethanol loadings during the latest month.

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US Market Comments

Futures prices for ethanol in Chicago received support from the energy complex and a bullish EIA report. The nearby months managed to close above $1.40 a gallon for the first time since November 2017. The front-month February contract settled at $1.463 per gallon, up from $1.361 last week.

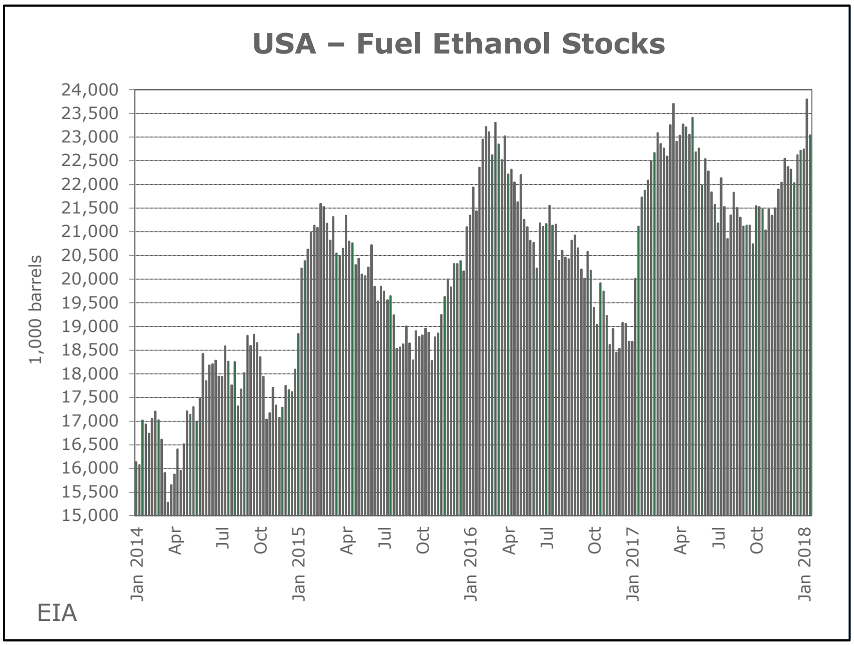
In **spot** market, prompt deliveries at the Argo terminal in the **Chicago** area traded at $1.38 per gallon, up 2.0 cents on the week. Prompt delivered ethanol by barge in the **New York Harbour** was assessed at $1.50, up 4 cents on the week.

United States - **Fuel ethanol production** in the week to January 26, 2018 averaged 1.040 mln barrels per day (bpd), the most recent data from the Energy Information Administration (EIA) show. This was the lowest for three weeks, down from 1.062 mln bpd in the prior week and also below 1.061 mln last year. It also was the first y/y decline in output for three weeks.

Imports remained at nil for the eighth consecutive week.

Refiner and blender net input averaged 858,000 bpd, up from 826,000 in the prior week and 837,000 one year earlier. Based on the amount of motor gasoline supplied, the blending share averaged 9.50% vol., down from 9.51% and 10.07%.

Stocks declined on the week to 23.0 mln barrels from an all-time high of 23.8 mln. There were strong w/w decreases in the Midwest (8.2 mln barrels vs. 8.4 mln) and the Gulf Coast (4.2 mln vs. 4.8 mln), while stocks on the East Coast rose to 7.5 mln from 7.4 mln.



United States - **US fuel ethanol distillers** processed a total of 5.49 bln bushels of corn (139 mln tonnes) last year, up from 5.29 bln in 2016, USDA figures show. The lion's share was processed by dry millers (4.93 bln bu vs. 4.73 bln) while wet millers' throughput stayed flat at 560 mln bu (554 mln).

The highest growth rate for corn use in fermentation processes was for the production of beverage alcohol where 35.6 mln bu were consumed (34.1 mln). Corn use for industrial alcohol production climbed by 2.4% to 73.3 mln bu (71.5 mln).

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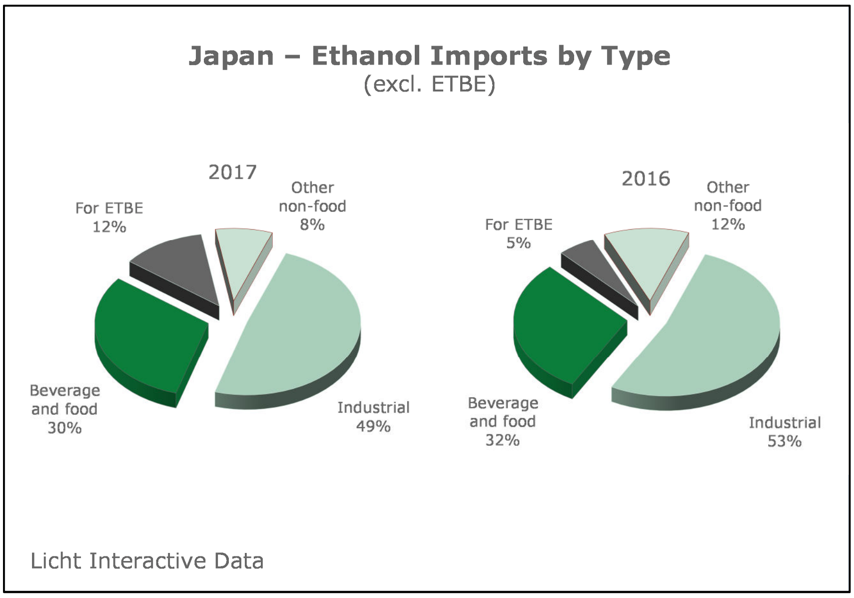
As far as the co-product stream of the dry milling process is concerned there were some significant shifts during the course of 2017. Due to the de facto closure of the Chinese export market for DDGS output of this product rose by only 1% to 23.4 mln tonnes. At the same time distillers wet grains production rose by over 4% to 15.9 mln tonnes and that of modified distillers' wet grains by even 8% to 5.2 mln tonnes.

Japan - Japan's fuel ethanol imports go from strength to strength.

In Jan/Dec 2017 the country imported the equivalent of 763 mln litres of fuel ethanol in the form of ETBE, up from 722 mln the prior year. On top of that it imported 87 mln litres of fuel ethanol for local ETBE production, up from 38 mln last year. As a result, total fuel ethanol imports add up to 850 mln litres against 760 mln in 2016.

ETBE imports came exclusively from the USA, but it has to be borne in mind that the US producer uses Brazilian ethanol to produce ETBE. Pure fuel alcohol imports for local ETBE production were originated in Brazil.

Non-fuel imports fell somewhat year on year reaching 637 mln litres against 709 mln litres in 2016 and 644 mln in 2015. In this category Brazil continued to be the biggest supplier but its dominance is shrinking. Shipments from this origin fell to 297 mln litres from 568 mln. At the same time deliveries from Pakistan rose to 245 mln litres from 72 mln.



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