

**World - Ethanol prices for the week ended 27 April, 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 (28 April, 2017)	54-55	↔	53-55	↔
North	Current	46-48	↔	no quote	
	12 months ago (28 April, 2017)	54-55	↔	no quote	
East	Current	47-48	↔	47-48	↔
	12 months ago (28 April, 2017)	53-55	↔	52-55	↔
		T1		T2	
NW European ports fob	Current	USD 46-47	↔	43-44	↔
	12 months ago (28 April, 2017)	USD 49-50	↔	55.5-56.5	↔

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	Current	58-62 (I) ↔ 53-56 (REN) ↔ 59-62 (B) ↔	63-66 (I) ↔	58-62 (I) ↔ 53-55 (REN) ↔ 59-62 (B) ↔	65-67 (I) ↔
	12 months ago (28 April, 2017)	61-62 (I) ↔ 57-60 (REN) ↔ 61-63 (B) ↔	66-67 (I) ↔	61-63 (I) ↔ 57-60 (REN) ↔ 61-63 (B) ↔	66-67 (I) ↔
	Central	Current	58-61 (I) ↔ 53-56 (REN) ↔ 59-62 (B) ↔	63-66 (I) ↔	58-61 (I) ↔ 53-55 (REN) ↔ 59-62 (B) ↔
Central	12 months ago (28 April, 2017)	61-63 (I) ↔ 58-60 (REN) ↔ 59-62 (B) ↔	63-66 (I) ↔	61-63 (I) ↔ 58-60 (REN) ↔ 60-63 (B) ↔	64-66 (I) ↔
South	Current	60-63 (I) ↔ 59-61 (B) ↔	66-68 (I) ↔	60-62 (I) ↔ 59-61 (B) ↔	66-68 (I) ↔
	12 months ago (28 April, 2017)	61-63 (I) ↔ 61-62 (B) ↔	68-70 (I) ↔	61-63 (I) ↔ 59-62 (B) ↔	68-70 (I) ↔
North	Current	60-62 (I) ↔	64-67 (I) ↔	no quote (I)	no quote (I)
	12 months ago (28 April, 2017)	59-62 (I) ↔	65-67 (I) ↔	no quote (I)	no quote (I)
East	Current	60-64 (I) ↔ 58-62 (B) ↔ no quote (P)	64-65 (I) ↔	60-64 (I) ↔ 58-60 (B) ↔ no quote (P)	64-65 (I) ↔
	12 months ago (28 April, 2017)	60-63 (I) ↔ 59-62 (B) ↔ no quote (P)	64-66 (I) ↔	60-63 (I) ↔ 59-62 (B) ↔ no quote (P)	64-66 (I) ↔
	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 (28 April, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) no quote (REN) 58-60 (surfin) ↔	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	460-470	520-530	470-480	
	Chicago	New York		
USA, Spot	386-394	415-423		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	790-810		710-735	620-630

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

## European Market Comments

Prices in the **traditional** market were unchanged. Sentiment remained weak as supplies are considered as ample.

**Fuel** ethanol prices were weaker again on plentiful offers. The front-month April closed at EUR440 per m<sup>3</sup>, down EUR5 on the week. May was down EUR5 at EUR450-455 and June lost EUR10 to EUR450.

Margins for wheat processors remain volatile as train strikes in France result in regional imbalances. At the same time, concern over dry weather in the United States and parts of Europe lent support and prompted a rebound in prices.

World Ethanol - Port Statistics (tonnes) - week beginning April 30, 2018									
Country	Port	Ship Name	Status	L	D	Origin	Sailing		ETA
							on	to	
USA	Gulf Coast	NCC Danah	S	20,000			31/03/2018	WC India	
Brazil	Aratu	Bow Jubail**	S	9,000			18/04/2018	USA	01/05/2018
	Itaqui	Chemroute Sky	B		23,233	USA			
	Itaqui	Chemstar Stellar	E		3,000	USA			
	Maceio	Furuholmen	B			USA			
	Maceio	MTM Tortola	A		10,000	USA			
	Paranagua	Willard J	A	20,977					
	Santos	Amorina	B		10,532	USA			
	Suape	MTM Tortola	A		7,900	USA			
	Suape	Chemroute Sky	E		6,900	USA			
	Suape	Chemstar Stellar	E		9,600	USA			
Guatemala	Quetzal	Stolt Sycamore	E	12,000					11/05/2018
	Quetzal	Fairchem Edge	S	7,500			14/04/2018	France	03/05/2018
Pakistan	Karachi	Maritime Gisela	S	10,500			21/04/2018		
	Karachi	Chemway Arrow	S	22,100			08/04/2018	South Korea	25/04/2018
	Karachi	Bochem Mumbai	S	5,700			29/03/2018	ARA	23/04/2018
	Karachi	Bochem Ghent	S	5,620			27/03/2018	Spain	27/04/2018
France	Dunkirk	Trans Holm	E		3,000	Spain			30/04/2018
	Dunkirk	Trans Emerald	E		2,800	Fos			
	Dunkirk	Fairchem Edge	E		1,700	Guatemala			
Sweden	Norrköping	Pacific	B	4,000	4,000	Germany		Germany	

\*only customs clearing, \*\*ETBE; A: Anchored; B: Berthed; E: Expected; S: Sailed; L: Load; D: Discharge

## Europe - Fuel Ethanol Prices, fob Rotterdam

Year	Month	T1				T2				T1-T2 Spread
		USD/m <sup>3</sup>	USD/tonne	EUR/m <sup>3</sup>	EUR/tonne	EUR/m <sup>3</sup>	EUR/tonne	USD/m <sup>3</sup>	USD/tonne	EUR/m <sup>3</sup>
2016	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
	2	463	587	375	475	461	584	570	722	-86
	3	468	593	379	481	457	579	564	714	-78
	4	464	588	377	478	444	563	546	692	-67

## European Market Fundamentals

**Czech Republic - Fuel ethanol production** in calendar year 2017 totalled 129.6 mln litres, official data show, down from 146.3 mln in 2016 and the weakest since 2012.

Consumption rose to 147.5 mln litres from 108.6 mln, following an increase in the biofuels quota.

The data translate into a deficit in fuel grades of 14.2 mln litres, after a 29.8 mln litre surplus in 2016.

## Brazilian Market Comments

The market continued to fall the new crop in the Centre/South is gathering pace. The import program has started to fizzle out for the time being as the arbitrage is now closed.

Hydrous ethanol lost BRL10-20 to BRL1,830-1,860 per cubic metre (exw; taxes included). Offers for anhydrous grades were unchanged at BRL1,800-1,830. Distributors have retreated from the market waiting for the market to bottom out before making new purchases. The industry hopes that the lower ex-works price will translate into lower prices at the pump in the short term which would then trigger additional demand given the firm crude oil values.

Industry sources reported that contract premiums for anhydrous fuel grades will decline y/y to around 10% (down 1.5-2.0 points) in the current sugar cycle (Apr/Mar). An increase in demand for hydrous grades is expected, boosted by rising gasoline values and a weaker real, and confirmed by recent Unica data (see below). This points to difficult discussions over 2018/19 contract prices for anhydrous fuel ethanol.

Under national legislation, fuel distributors must prove that they have booked a certain amount of anhydrous fuel grades with the minimum requirement being based on the previous year's volumes. Obligated parties have to submit their coverage for the current season to the national petroleum agency, ANP, by May 2, with another deadline for part of the remainder following on June 1.

## US Market Comments

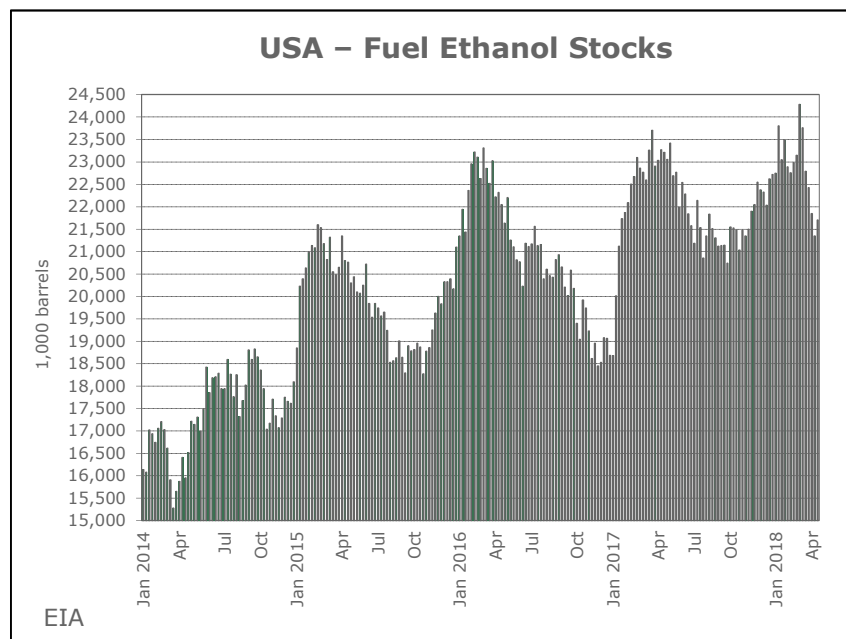
Futures prices for ethanol in Chicago were lower in the latest week amid weaker corn prices. The front-month May contract settled at USD1.448 per gallon against USD1.499 week ago. At the same time, gasoline values rose, boosting the spread over ethanol, while corn prices were volatile, after climbing to its highest since July on the back of a slower pace of planting across the US Midwest.

**United States - Fuel ethanol production** in the week to April 20, 2018 averaged 985,000 barrels per day (bpd), the most recent data from the Energy Information Administration (EIA) show, down 24,000 on the week and the lowest for 15 weeks on seasonal maintenance. The level compares with 987,000 bpd one year ago.

**Imports** were nil for the 20th consecutive week.

**Refiner and blender net input** was 911,000 bpd, down from 917,000 in the preceding week and 932,000 last year. Based on the amount of motor gasoline supplied, the average blending share amounted to around 10.0% vol., against 9.3% and 10.1%.

**Stocks** rose on the week, after five consecutive declines, reaching a 21.7 mln barrels, up from 21.3 mln in the prior week. There was a w/w increase on the East Coast (6.9 mln barrels (the highest for three weeks) vs 6.6 mln).



## Asian Market Fundamentals

**China - Ethanol imports** in March 2018 totalled 176.5 mln litres, trade data show, against 197.7 mln in the preceding month and marginal volumes one year earlier.

The March total included 144.1 mln litres from the United States, after 189.0 mln in the prior month, and 32.3 mln from Pakistan (8.6 mln).

Jan/Mar 2018 imports rose sharply on the year on the open arbitrage window (494.8 mln litres vs. 2.5 mln). The main origins were the US (424.4 mln litres vs. marginal volumes one year earlier) and Pakistan (70.3 mln vs. nil).

**Exports** in Q1 declined to 8.9 mln litres from 29.2 mln. The main destination was North Korea (7.8 mln litres vs. 6.1 mln). Shipments to Saudi Arabia fell to nil from 18.4 mln litres.

In calendar year 2017, imports totalled 25.0 mln litres, while 133.2 mln were exported.

Beijing said on April 1, 2018 it will slap an extra 15% tariff on denatured ethanol imports from the United States (harmonised system code 22072000), part of its response to US duties on aluminium and steel imports. The brings the total duty to 45%.

**Pakistan - Ethanol exports** in April 2018 were lower as the shipping program is now past its peak.

During the month, four ethanol tankers had left the port of Karachi: The Oriental Rose (4,500 tonnes), the Chemway Arrow (22,100), the Maritime Gisela (10,500) and the Chemroad Sakura (5,000). The overall volume was 42,100 tonnes, against 77,000 in March and 60,000 in April 2017.

Cumulative exports so far in 2018 have reached 180,000 tonnes against 161,000 tonnes in the same period a year ago.

All of the product remained in the region, with Singapore, China and South Korea being nominated destinations.

There are reports that sellers have oversold their positions till September 2018 and that new supplies will only become available in Q4.

# F.O. LICHT

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