F.O. LICHTS
World Ethanol Price Report

Vol. 13, No. 47 May 14, 2018

World - Ethanol prices for the week ended 11 May, 2018

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

Fuel		Contract	Spot
Central	**Current**	**46-48**	**45-47**
	12 months ago (12 May, 2017)	54-55	54-55
North	**Current**	**46-48**	**no quote**
	12 months ago (12 May, 2017)	54-55	no quote
East	**Current**	**47-48**	**47-48**
	12 months ago (12 May, 2017)	53-55	54-57
		T1	**T2**
NW European ports fob	**Current**	**USD 45-46**	**44.5-45**
	12 months ago (12 May, 2017)	USD 47-48	59-60

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 (12 May, 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)**	**63-66 (I)**
	12 months ago (12 May, 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 (12 May, 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 (12 May, 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 (12 May, 2017)	60-64 (I) 59-62 (B) no quote (P)	64-66 (I)	60-63 (I) 59-63 (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 (12 May, 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**	**495-510**	**460-480**	
	Chicago	**New York**		
USA, Spot	**no quote**	**no quote**		
	Anhydrous		**ENA**	**Industrial**
Pakistan, fob Karachi (USD/tonne)	**750-760**		**710-735**	**620-630**

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

Due to a public holiday in Germany the next Price Report will be published on May 28, 2018

European Market Comments

The market continues to be quiet with no movements seen for **non-fuel** grades. Screen-wash grades were discussed but buyers are reluctant to strike deals as they expect prices to decline in the weeks ahead. The train strikes in France continue to challenge the industry. In some instances, this and other events have driven up transport costs by 10-15% and a relief is not in sight.

Fuel ethanol grades settled mixed. The prompt was up EUR5 at 445-450 per m^3, while June was slightly weaker at EUR445-455. July was also lower, settling at EUR450-460.

In the **shipping** market, rates continue to firm and this trend is expected to hold throughout the rest of Q2. There were enquiries for 10-11.5 mln litres of ethanol from ARA to the Med for mid-to-late May dates, 1.5 mln from ARA to the UK for early May and 4-5 mln from England to Scotland for late May.

Moreover, there was a fixture for 9.5 mln litres of fuel alcohol from the US Gulf Coast to the Philippines on the Bow Spring for USD49-53 per m^3 for mid-to-late May arrival.

In Latin America two smaller cargoes (5,000 tonnes each) will be moved from Bolivia to Europe which is surprising given the country's efforts to ramp up its fuel alcohol program. Additional volumes are booked for the Colombian market. A 20,000 m^3 consignment will be loaded in Quetzal end of May/early June for the Far East.

World Ethanol - Port Statistics (tonnes) - week beginning May 14, 2018

Country	Port	Ship Name	Status	L	D	Origin	Sailing on	Sailing to	ETA
USA	Gulf Coast	Bow Spring	S	7,300			13/04/2018	Philippines	
Brazil	Itaqui	BTS Selena	E		5,000	USA			
	Itaqui	Sveva	E		15,000	Santos			
	Itaqui	Navig8 Sceptrum	E		3,000	USA			
	Itaqui	Chembulk Tortola*	E		6,000	USA			
	Maceio	Furuholmen	B		7,029	USA			
	Paranagua	Willard J	S	20,977			07/05/2018	USA	24/05/2018
	Santos	Amorina	B		10,532	USA			
	Santos	MTM New York	E	24,000					
	Santos	Sveva	B	11,850					
	Santos	Chemway Lara	E		5,000				
	Santos	Minerva Oceania	E		13,284	USA			
	Suape	Chemstar Stellar	E		9,600	USA			
	Suape	Sveva	E		5,500	Santos			
Guatemala	Quetzal	Stolt Sycamore	E	7,200					11/05/2018
	Quetzal	Fairchem Edge	S	7,500			14/04/2018	France	03/05/2018
Pakistan	Karachi	Oriental Freesia	S	4,000				Saudi Arabia	14/05/2018
	Karachi	MTM Gibraltar	S	16,000				Singapore	15/05/2018
	Karachi	Maritime Gisela	S	10,500			21/04/2018	China	07/05/2018
Sweden	Norrköping	Nautilus	E	4,500				Germany	

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

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Brazilian Market Comments

The market stopped its steep decline as buyers returned to fill their stocks. Demand is expected to remain very firm on favourable economics at the pump. Hydrous ethanol gained BRL10-20 to BRL1,810-1,850 per cubic metre (exw; taxes included), while offers for anhydrous grades remained flat at BRL1,780-1,800. Exports are active for the Far East market given the weak real.

Brazil - Ethanol sales ex Centre/South totalled 1.906 bln litres, up 10% on the year, sugar industry group Unica reported.

Sales of hydrous grades on the local market in the first month of the current sugar cycle were up 38% at 1.331 bln litres. The group pointed to competitive pump prices for the product.

Brazil: CS ethanol sales (mln litres; Apr/Mar season)

	Apr 2018	Mar 2018	Apr 2017	Change y/y in %	2017/18
Domestic market	**1,858**	**2,194**	**1,623**	**14**	**25,400**
Anhydrous	527	785	661	-20	9,527
Hydrous	1,331	1,409	962	38	15,873
Export	**48**	**79**	**109**	**-56**	**1,511**
Anhydrous	36	77	108	-67	1,099
Hydrous	12	2	1	1,100	412
Total	**1,906**	**2,273**	**1,732**	**10**	**26,911**
Anhydrous	563	862	769	-27	10,626
Hydrous	1,344	1,411	963	40	16,286

Imports are excluded.
Source: Unica

US Market Comment

Ethanol future prices in Chicago showed weaker tendencies on the week. The June contract settled at USD1.459 per gallon, down from USD1.498. Falling stocks and an upbeat demand outlook for the product as well as rallying gasoline values did not boost the market (see below).

United States - Fuel ethanol production in the week to May 5, 2018 averaged 1.040 mln barrels per day (bpd), the most recent data from the Energy Information Administration (EIA) show, up 8,000 on the week and the highest for seven weeks, as the seasonal maintenance period is coming to an end. The level compares with 1.006 mln bpd one year ago.

Imports were nil for the 22nd consecutive week.

Refiner and blender net input was 923,000 bpd, flat on the week and down 5,000 on the year. Based on the amount of motor gasoline supplied, the average blending share amounted to around 9.4% vol., against 10.1% last week and 9.9% twelve months earlier.

Stocks declined slightly on the week to 22.0 mln barrels from 22.2 mln. An increase on the East Coast (7.6 mln barrels vs 7.4 mln) was more than offset by lower inventory levels elsewhere.

United States - The Trump administration will scale back the use of biofuels waivers for small refineries and count ethanol exports toward federal biofuels usage quotas as part of a broad overhaul of the Renewable Fuels Standard (RFS), Reuters cited informed sources as saying.

While the RFS has helped farmers by creating a 15 bln gallons a year market for corn-based fuel ethanol, oil refiners have increasingly complained that complying with the law costs them a fortune and threatens the very blue-collar jobs President Donald Trump has promised to protect.

After hosting several meetings between representatives of the corn and refining industries, the administration is in the "last stages" of formally proposing changes to the biofuels law intended to appease both sides, the source said.

A White House announcement is imminent, the source who was not authorized to speak publicly added, but did not have a timetable. The changes would be subject to the federal rule-making process.

The White House did not immediately respond to requests for comment.

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The changes include cutting back on the number of waivers that the Environmental Protection Agency (EPA) can provide to small refiners to free them from the regulation, and to ensure that any waived obligations are redistributed to other refiners.

The EPA is required by the RFS to provide such waivers to refineries of less than 75,000 barrels per day in capacity that can prove that complying with the RFS would cause them "disproportionate economic hardship", but the agency has broad discretion over assessing the applications.

In recent months, the EPA has granted more than two dozen such waivers in an effort to help the refining industry cope with the RFS - about triple the typical level under past administrations - angering the corn lobby, which argued the exemptions are reducing overall demand for ethanol. Reuters has reported that the recent EPA waivers have gone to refineries belonging to companies like the large and highly-profitable Andeavor and to CVR Energy.

The source did not say by how much the waiver program would be reduced, but said that the administration was committed to ensuring that any waivers provided do not have the effect of reducing the amount of biofuels blended in a given year - something that would be accomplished by redistributing waived blending obligations to other refineries.

Republican Senator Tom Barraso, who represents Wyoming, home to several smaller refineries, said he would "oppose any agreement that would make it more difficult for small refineries to obtain hardship relief in the future."

Another change will be to allow exports of biofuels like ethanol to count toward the annual biofuels volume mandates under the RFS - which could ease the burden on domestic refiners by reducing the amounts they would have to blend domestically.

Biofuels groups have strongly opposed the idea, saying it could spark trade tensions and goes against the RFS' intent to increase domestic use of biofuels.

Earlier, it was reported that President Trump will allow year-round sales of E-15 as part of an emerging deal to make changes to the RFS. Republican senators and the White House announced the deal Tuesday after a closed-door meeting, the latest in a series of White House sessions on ethanol.

The Environmental Protection Agency currently bans E-15, during the summer because of concerns that it contributes to smog on hot days. As the June 1 Reid vapor pressure (RVP) limit date is fast-approaching, the ethanol industry is calling on EPA to issue an RVP relief rule immediately and allow retailers to sell E-15 this summer while the rulemaking process runs its course.

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