F.O. LICHTS
World Ethanol Price Report
Vol. 13, No. 48 May 28, 2018

World - Ethanol prices for the week ended 25 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 (26 May, 2017)	54-55	54-55
North	Current	**46-48**	**no quote**
	12 months ago (26 May, 2017)	54-55	no quote
East	Current	**47-48**	**47-48**
	12 months ago (26 May, 2017)	53-55	54-57
		T1	T2
NW European ports fob	Current	**USD 47-48**	**44-45**
	12 months ago (26 May, 2017)	USD 47.5-48.5	56.5-57.5

Non-Fuel		Contract 96°	Contract 99°	Spot 96°	Spot 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 (26 May, 2017)	61-62 (I) 57-60 (REN) 61-63 (B)	66-67 (I)	61-63 (I) 58-60 (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 (26 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 (26 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 (26 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 (26 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 (26 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	460-500	495-540	470-505	
	Chicago	New York		
USA, Spot	391-394	420-423		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	760-780		680-700	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** sector remained unchanged as negotiations for the third quarter are just about to start. Stake-holders say that price ideas are still far apart with quite aggressive offers coming from the French market leaders. Here a considerable volume is likely to be re-allocated from fuel to the non-fuel markets. Others argue that there is little reason to cut prices as feedstock costs are moving higher. The weaker euro is making imports into the bloc less attractive while local product could become more competitive on the world market.

The **fuel** alcohol market continues to be under pressure with values in the nearby months between EUR440 and EUU445 per m^3. Prices for prompt physical product are assessed at EUR450 per m^3 for June, while July was put a EUR460 and August at EUR470.

On the **freight** market, a 15 mln litre ethanol cargo was fixed for Peru/ARA on the vessel Chemstar Tierra in the low USD60s per tonne for early May. The load includes Bolivian material, coming in from Peru. It was added that the Fairchem Steed was due to load 20-22 mln litres of non-fuel grades in Matarini/Peru and Puerto Quetzal/Guatemala, destined for Far East, while the MTM Santos was to load 20 mln of fuel grades in Punta Morales/Costa Rica and another port for the same destination. Moreover, there were enquiries for up to 6 mln litres of ethanol from Le Havre/France to the Thames/United Kingdom for mid-/late May, as well as for 2,500 tonnes of ETBE from ARA to Italy, 2,000 from ARA to northern Spain and 2,000 from southern France to Italy, all for early/mid- May.

World Ethanol - Port Statistics (tonnes) - week beginning May 28, 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	Korea	23/05/2018
Brazil	Aratu	BTS Selena	E		8,690	USA			
	Maceio	Sveva	E			USA			
	Paranagua	Bow Tribute	E		6,162				
	Paranagua	Willard J	S	20,977			07/05/2018	USA	24/05/2018
	Santos	MTM London	B	16,590					
	Santos	MTM Kobe	B	15,999					
	Santos	Celsius Manila	A	5,400					
	Santos	Halcon Trader	E	16,000					
	Santos	Taruca	E	20,000					
	Suape	Sveva	A		5,500	Santos			
Costa Rica	Punta Morales	MTM Santos	E	15,500					
Guatemala	Quetzal	Fairchem Steed	E	7,500					02/06/2018
	Quetzal	Jo Spirit	E	4,500					12/06/2018
	Quetzal	Stolt Sycamore	S	7,200			11/05/2018	Korea	05/06/2018
Peru	Matarani	Chemstar Tierra	S	11,800			11/05/2018	ARA	03/06/2018
	Matarani	Fairchem Steed	E	7,500					27/05/2018
Pakistan	Karachi	Stolt Calluna	S	4,000			24/05/2018		
	Karachi	Chemroute Sun	A	7,000					27/05/2018
France	Dunkirk	Chemstar Tierra	E		2,452	Peru			03/06/2018
Sweden	Norrköping	Nimbus	B	4,500					

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

Brazilian Market Comments

The market continued to move higher on firm demand, a weak real, the trucker strike and firmer crude oil prices. Hydrous ethanol was offered at BRL2,020-2,050 per cubic metre (exw; taxes included), while offers for anhydrous grades were BRL1,900-1,950. Exports are active for the Far East market given the weak real. However, the truckers' strike is resulting wide-spread disruptions which will affect physical export activity.

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Brazil - Ongoing dry weather allowed mills in Brazil's Centre/South to make further strong progress in cane crushing in the first half of May. In fact, they crushed 42.644 mln tonnes of cane in the first half of May, up from 37.686 mln in the second half of April and 10.6% more than in the same period last year, Unica data showed. Total cane milling since the start of the harvest has already reached 102.521 mln tonnes, up from 80.518 mln a year ago.

The dry weather favoured harvesting operations but should impact the cane yield in the next few months, Unica's technical director Antonio de Padua Rodrigues cautioned. In addition, the lack of rain aided the sucrose concentration in the cane with the amount of total recoverable sugars (ATR) per tonne of cane up by 4.3% on the year in the first 15 days of May at 128.26 kg. Cane quality is up 3.4% at 120.54 kg so far in the season.

There were 243 plants in operation as of May 15, slightly below 250 a year ago.

Mills continued to strongly favour production of ethanol, particularly hydrous ethanol, the type used as a substitute for gasoline at pumps by owners of flex fuel cars. Unica said output of that type of ethanol was 1.415 bln litres in the first half of May, up from 0.844 mln a year ago. That was the second-largest amount of hydrous ethanol ever produced in any fortnight, except for the 1.50 bln litres produced in the second half of August 2010. This is not least due to the change in the production mix with the cane allocation to ethanol up nearly 9 percentage points so far this season at 64.77%.

Total ethanol production, including the anhydrous type that is blended into the gasoline sold in Brazil, reached 2.072 bln litres in the first half of May versus 1.487 bln litres a year ago.

In contrast, sugar production fell to 1.907 mln tonnes, tel quel, in the first 15 days of May from 2.116 mln last year. Total sugar output so far this season stands at 4.148 mln tonnes, still up from 3.955 mln a year ago. Ethanol output is up at 4.813 bln litres from 3.110 bln.

Brazil: CS Campaign Report – May 16, 2018

	H1 May		Season-to-date	
	2018/19	2017/18	2018/19	2017/18
Cane (1,000 tonnes)	42,644	38,573	105,521	80,518
Sugar (1,000 tonnes)	1,907	2,116	4,148	3,955
Anhydrous alcohol (mln litres)	657	643	1,240	1,139
Hydrous alcohol (mln litres)	1,415	844	3,573	1,971
Total alcohol (mln litres)	2,072	1,487	4,813	3,110
ATR (1,000 tonnes)	5,470	4,744	12,358	9,389
ATR/TC (kg)	128.26	122.98	120.54	116.61
Production mix - sugar (%)	36.58	46.81	35.23	44.21
Production mix - alcohol (%)	63.42	53.19	64.77	55.79
Litres of alcohol/tonne of cane	47.87	38.30	46.07	38.20
kg of sugar/tonne of cane	44.71	54.85	40.46	49.12
Source: Unica				

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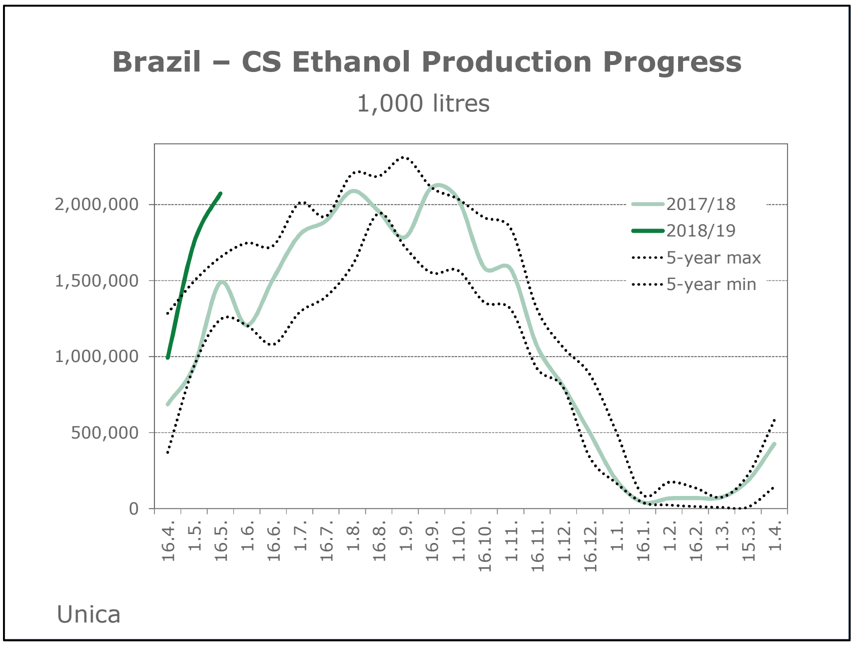

Brazil - Ethanol exports have started to pick up in May and are likely to beat last year's results, the latest shipping line-ups suggest.

All in all, 95,000 tonnes have been nominated for exports of which 75,000 out of Santos and the remainder out of Paranaguá.

Of the total more than half is scheduled for export to South Korea, while rest will be sent to the United States.

Despite the start of the 2018/19 sugarcane season imports are likely to remain high during May. Overall imports could be close to 200,000 tonnes which would be close to last year's shipments.

Brazil - The National Agency of Oil, Natural Gas and Biofuels (ANP) has allowed distributors to reduce the amount of fuel ethanol and biodiesel mixed to conventional fuels to as low as 18% vol. from 27% and to 0% from 10%, respectively. The measure is aimed at improving the availability of fuels amid a truckers' strike that recently has impacted supply in the country.

ANP said that the flow of ethanol and biodiesel from mills to distribution companies is hampered by the strike, preventing fuel mixing in several areas that already have pure gasoline or diesel, but not enough biodiesel or ethanol.

Truckers have been on strike since May 21, protesting against the fuel policy of state-oil company Petrobras and taxes on diesel.

US Market Comments

Ethanol future prices in Chicago moved higher during the week amid firmer corn prices. The June contract settled at USD1.501 per gallon against USD1.464 a week earlier.

Spot markets also were higher with Chicago being assessed around USD1.49 per gallon, while Gulf Coast locations were around USD1.59.

United States - Fuel ethanol production in the week to May 18, 2018 averaged 1.028 mln barrels per day (bpd), down 30,000 on the week and the lowest for four weeks, the most-recent data from the Energy Information Administration (EIA) show. Output remained up on the year (1.010 mln bpd).

Imports remained at nil for the 24th week.

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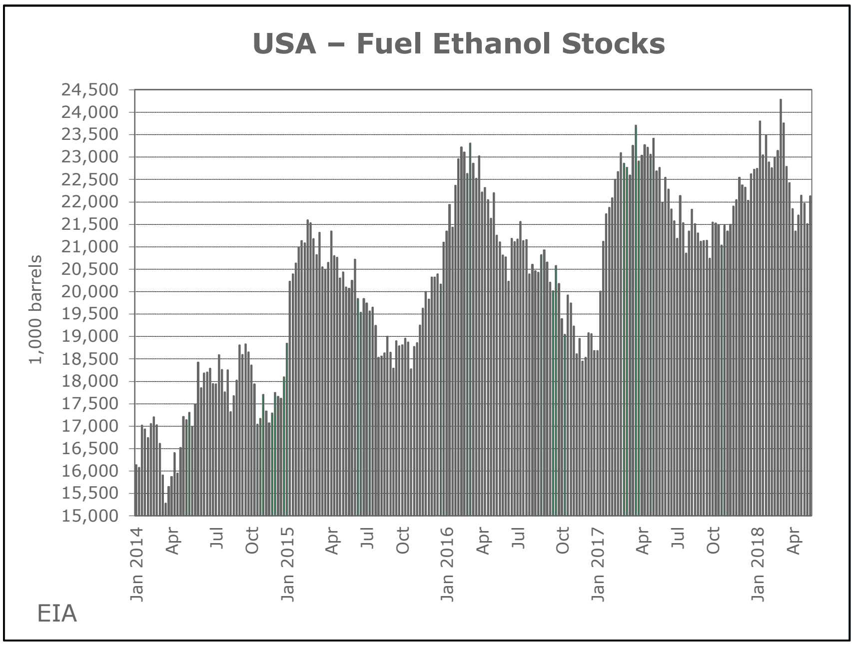
Refiner and blender net input was 944,000 bpd, compared with 942,000 in the preceding week and 949,000 one year earlier. Based on the amount of motor gasoline supplied, the blending ratio averaged 9.7% vol., against 9.9% in the prior week and 9.7% last year.

Stocks rebounded on the week, reaching 22.1 mln barrels, a three-week high, up from 21.5 mln.



Asian Market Comments

Japan - Sales of industrial ethanol in Jan/Mar 2018 reached 107 mln litres, up from 104 mln in 2017, according to METI data. The strong pace of sales resulted in a drop in inventory to 47.7 mln litres from 53.0 mln at the end of March 2017.

Local production (mostly refining of imported Grade B alcohol) was largely flat at 104 mln litres.

Total sales of industrial ethanol (95% vol.) reached an all-time high of 432 mln litres in 2017, up from 415 mln in 2016.

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