F.O. LICHTS

World Ethanol Price Report

Vol. 14, No. 10 | August 6, 2018

World - Ethanol prices for the week ended 3 August, 2018

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

Fuel		Contract	Spot
Central	**Current**	**48-49**	**49-50**
	12 months ago (4 August, 2017)	55-57	55-57
North	**Current**	**48-49**	**no quote**
	12 months ago (4 August, 2017)	55-56	no quote
East	**Current**	**48-50**	**49-50**
	12 months ago (4 August, 2017)	55-57	56-57
		T1	T2
NW European ports fob	**Current**	**USD 45-46**	**50-51**
	12 months ago (4 August, 2017)	USD 49-50	56-56.5

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	**Current**	**58-60 (I)** **53-55 (REN)** **57-59 (B)**	**63-66 (I)**	**58-60 (I)** **53-55 (REN)** **57-59 (B)**	**65-67 (I)**
	12 months ago (4 August, 2017)	61-62 (I) 58-60 (REN) 62-64 (B)	66-67 (I)	61-63 (I) 58-60 (REN) 62-64 (B)	66-67 (I)
Central	**Current**	**58-60 (I)** **54-55 (REN)** **57-59 (B)**	**63-66 (I)**	**58-60 (I)** **54-55 (REN)** **57-59 (B)**	**63-66 (I)**
	12 months ago (4 August, 2017)	61-63 (I) 58-60 (REN) 60-63 (B)	64-66 (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 (4 August, 2017)	61-63 (I) 61-63 (B)	68-70 (I)	61-63 (I) 61-63 (B)	68-70 (I)
North	**Current**	**60-62 (I)**	**64-67 (I)**	**no quote (I)**	**no quote (I)**
	12 months ago (4 August, 2017)	60-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	**Current**	**60-63 (I)** **57-59 (B)** **no quote (P)**	**64-65 (I)**	**60-63 (I)** **55-57 (B)** **no quote (P)**	**64-65 (I)**
	12 months ago (4 August, 2017)	60-64 (I) 60-62 (B) no quote (P)	64-66 (I)	60-64 (I) 60-62 (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 (surfin)**	
	12 months ago (4 August, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 57-58.5 (REN) 58-60 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	**415-425**	**460-475**	**420-435**	
	Chicago	New York		
USA, Spot	**380-383**	**409-412**		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	**720-740**		**650-660**	**620-630**

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

European Market Comments

Activity on the **non-fuel** markets was lacklustre and prices were unchanged. The synthetic producer raised prices by EUR100 per tonne citing increased cost of feedstock and energy which are not matched by price movements in the ethanol market.

Producers continue to watch the situation in the grain and sugar market. The continuing dryness has prompted wheat and corn prices to rise. So far, the sugar market has remained unaffected as the market awaits the first test drillings for the next couple of days.

The **fuel** alcohol market continues to march higher and crossed the EUR500 per m^3 threshold at the start of the month. By the end of the week they had reached EUR505-515 for the prompt, up by EUR25-30 on the week. September was EUR20-25 at EUR500-510 and October gained the same to EUR500-510.

World Ethanol - Port Statistics (tonnes) - week beginning August 6, 2018

Country	Port	Ship Name	Status	L	D	Origin	Sailing on	Sailing to	ETA
Brazil	Aratu	Reinhold Schulte	E		8,000	Paranagua			
	Aratu	Pigeon Point	E		8,000	Paranagua			24/07/2018
	Paranagua	Reinhold Schulte	E	7,900					05/08/2018
	Paranagua	Willard J	E	20,000					09/08/2018
	Paranagua	Marie C	S	21,000			12/07/2018	GC USA	30/07/2018
	Santos	Otto H	E	16,000					
	Santos	Muhut Silver	S	36,000				WC USA	
	Santos	Fairchem Success	S	11,801			24/07/2018	Singapore	21/08/2018
	Santos	Cielo di Salerno	S	31,560			23/07/2018	WC USA	20/08/2018
	Santos	Celsius Malaga	S	16,000			21/07/2018	GC USA	07/08/2018
	Santos	MTM New Orleans	S	19,600			10/07/2018	Singapore	07/08/2018
	Suape	Chemstar Masa	E		15,860	USA			
	Suape	Pigeon Point	E		11,835	Paranagua			
Guatemala	Quetzal	Jo Spirit	E	5,000					24/08/2018
	Quetzal	Fairchem Conquest	S	5,600				WC USA	
Nigeria	Lagos	Chemstar Tierra	A		11,875	USA			26/07/2018
Pakistan	Karachi	Fortitude	A	8,200					
	Karachi	Chemroute Sun	S	6,000			03/08/2018		
	Karachi	Elm Galaxy	S	5,500			01/08/2018		
	Karachi	Chemroute Pegasus	S	5,800			14/07/2018	China	27/07/2018
	Karachi	Jeil Crystal	S	3,600			09/07/2018	Singapore	21/07/2018
	Karachi	Octaden	S	9,900			23/06/2018	Turkey	
Peru	Paita	MTM Northsound	E	8,000				China	

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

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Europe - Non-fuel Ethanol Prices, Central Region, dlvd.

		Beverage Alcohol		REN		Industrial Alcohol 99°		REN-beverage
Year	Month	EUR/m³	$/m³	EUR/m³	$/m³	EUR/m³	$/m³	spread (EUR/m³)
2017	2	610	647	559	593	633	671	-51
	3	615	658	590	631	650	696	-25
	4	615	658	590	631	650	696	-25
	5	615	683	590	655	650	722	-25
	6	615	689	590	661	650	728	-25
	7	615	707	590	679	650	748	-25
	8	624	736	587	693	650	767	-37
	9	630	750	585	696	650	774	-45
	10	630	743	563	664	650	767	-67
	11	630	737	550	644	650	761	-80
	12	623	735	546	644	650	767	-77
2018	1	615	750	545	665	650	793	-70
	2	615	763	545	676	650	806	-70
	3	608	748	545	670	654	804	-63
	4	605	744	540	664	645	793	-65
	5	605	714	540	637	645	761	-65
	6	590	690	540	632	645	755	-50
	7	580	679	545	638	645	755	-35

Brazilian Market Comments

The market ended lower in the latest week amid plentiful supplies. Sellers are reportedly retreating from the market as they find the prices paid increasingly unattractive. In many locations ethanol continues to sell at a record discount to gasoline which will help support demand. At the same time ethanol continues to trade at parity to sugar.

Hydrous ethanol was offered at BRL1,740-1,760 per cubic metre (exw; taxes included), down BRL30. Offers for anhydrous grades were assessed at BRL1,750-1,770, a loss of BRL10-20 on the week.

US Market Comments

Ethanol future prices in Chicago ended weaker after posting an intra-week high of USD1.453 per gallon. Grain and energy markets continue to lend support but ethanol players preferred to stay on the side-lines for the time being. The front-month August contract finished the week at USD1.430, hardly changed from USD1.437 the prior week.

Spot ethanol in the Chicago market was at USD1.44-1.45 a gallon, up from USD1.43-1.44 last week.

United States - Fuel ethanol production in the week to July 27, 2018 averaged 1.064 mln barrels per day (bpd), said the Energy Information Administration (EIA), down 10,000 on the week. It remained significantly above last year's (1.002 mln bpd).

Imports were nil for the 34th consecutive week.

Refiner and blender net input rose w/w (946,000 bpd vs 942,000) and was above last year's (951,000). Based on the amount of motor gasoline supplied, the average blending share was around 9.6% vol., flat on the week and slightly below 9.7% at the same time last year.

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Stocks recovered slightly w/w, hitting a three-week high (around 22.0 mln barrels vs. 21.7 mln) with strong growth recorded on the East Coast (7.7 mln (the highest since early March) vs 7.1 mln).

United States - Ethanol exports in June 2018 totalled 576.7 mln litres, up from 352.7 mln in May and 459.0 mln last year, trade data show.

Exports to Brazil amounted to 135.0 mln litres in June, up from 35.8 mln in the preceding month and 104.8 mln last year. Shipments to Canada were 128.6 mln litres against 94.2 mln last year. Exports to India soared to 101.2 mln litres from 46.9 mln, while those to Philippines increased to 72.4 mln from 11.2 mln.

Exports in Jan/Jun amounted to a record 3.533 bln litres, up 33% on the year. The main destination was Brazil (1.310 bln litres vs 1.020 bln), followed by Canada (614.8 mln vs 567.7 mln), India (265.4 mln vs 328.4 mln), China (200.1 mln vs marginal volumes), South Korea (168.6 mln vs 106.0 mln) and the Philippines (165.5 mln vs 131.8 mln).

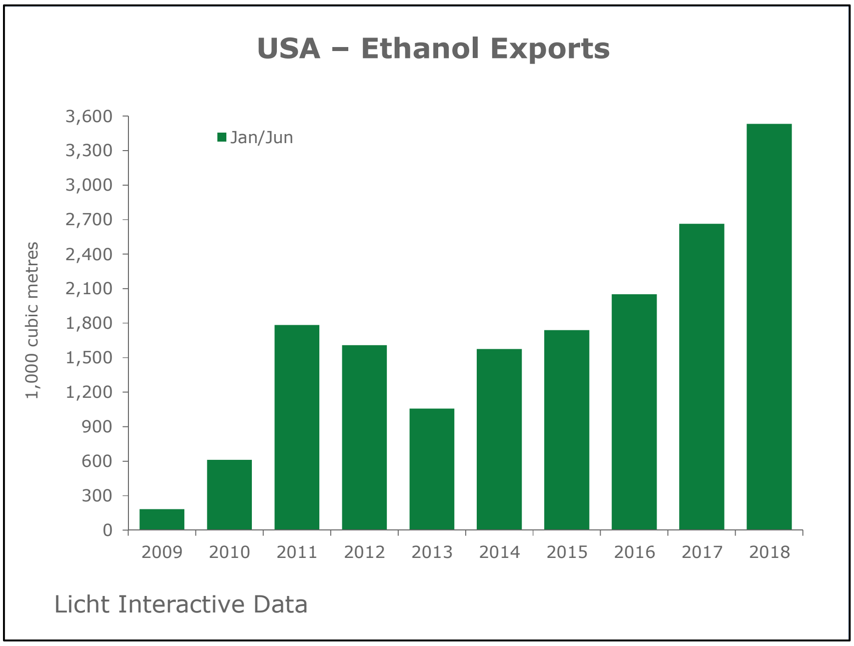
Imports in June fell to 55.1 mln litres from 75.5 mln in May and 146.3 mln last year. Arrivals from Brazil declined on the month (43.0 mln litres vs 67.8 mln) and were also down on the year (134.4 mln).

Imports in H1 2018 were down 11% on the year at 423.0 mln litres, of which 357.7 mln (417.5 mln) from Brazil.

Net exports in H1 2018 were up 42% at a record 3.110 bln litres.

In calendar year 2017, a total of 5.271 bln litres was exported, with imports reaching 1.055 bln.

The data exclude trade in blends and other products.



Asian Market Comments

The Asian markets are quiet as the large LMA in the Philippines is prompting buyers to remain on the side-lines for the time being. The Q4 LMA is for 104 mln litres to be delivered by domestic producers, up from 69 mln a year earlier. The large y/y increase is explained with the expectation that two non-fuel producers will switch over to the production of fuel grade. On top of that, suppliers in the country are reportedly well covered up to Sep/Oct.

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In China, prices are stable to slightly higher amid reports that various regions are busy implementing Beijing's E-10 policy. There is the expectation that one to two new plants will start to operate in September or October this year.

On the import side the absence of US material is being felt strongly. For the time being some smaller shipments from Pakistan, Costa Rica and Peru are taking advantage of the situation but this will in no way be enough to compensate for the loss of US product.

Japan - Ethanol imports in Jan/Jun 2018 reached an all-time high of around 777.7 mln litres, up from 729.6 mln one year earlier, trade data show.

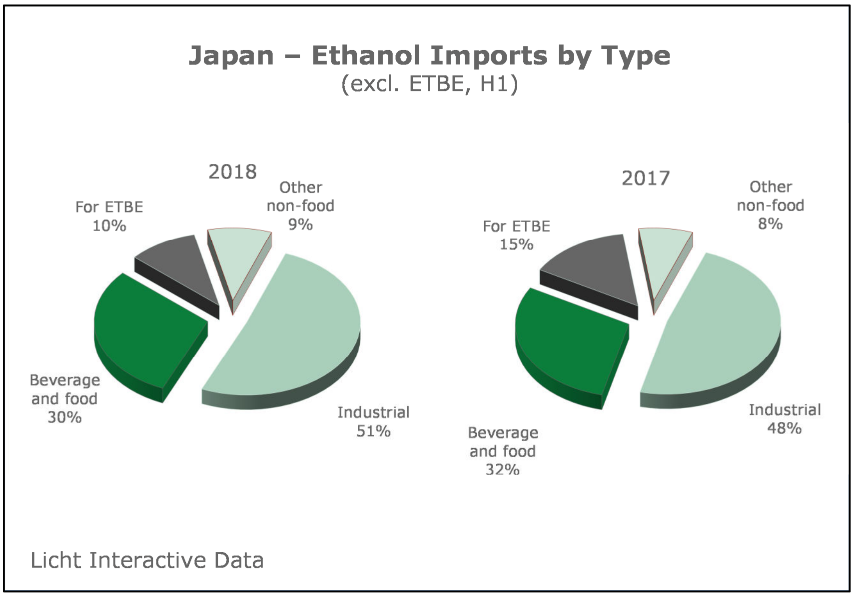
Growth entirely came from rising arrivals of product in blends (such as ETBE; 404.3 mln litres vs. 352.9 mln in H1 2017). Product coming in in blends was exclusively sourced from the United States.

At the same time, pure ethanol imports (mainly denatured product) declined slightly on the year (373.4 mln litres vs. 376.7 mln).

The main categories were ethanol for the production industrial and chemical products (189 mln litres vs. 182 mln), followed by beverage alcohol (112 mln vs. 111 mln), ethanol for the production of ETBE (37 mln vs. 55 mln) and other non-food products (34 mln vs. 29 mln).

The main origins in the non ETBE category were Brazil (183.0 mln litres vs. 134.8 mln), Pakistan (97.6 mln vs. 162.6 mln), the US (50.8 mln vs. 42.2 mln), Guatemala (28.0 mln vs. 18.9 mln).

Growth was recorded for imports from Indonesia (6.0 mln litres vs. nil), Australia (2.3 mln vs. nil) and South Korea (2.0 mln vs. nil). So far this year there were no imports from Peru and Costa Rica (after 7.1 mln litres, and 3.5 mln, respectively in H1 2017), while arrivals from South Africa more than halved to 2.4 mln from 5.0 mln. Moreover, imports from China fell to 0.5 mln litres from 2.1 mln.



F.O. LICHT'S

Editorial
Am Mühlengraben 22
23909 Ratzeburg
Germany

Editor: Dr. Christoph Berg
Claus Keller

Phone: +49 (0)4541 8892-0
Fax: +49 (0)4541 82145
E-mail: info@fo-licht.com

Data Protection Officer
Claire Bullen
E-mail: BIDPO@informa.com

General Enquiries
E-mail: Subscriptions@informa.com
Tel: +44 (0)20 7017 5540 or
(US) Toll Free: +1 800 997 3892

Online Access
E-mail: OnlineAccess@informa.com
Tel: +44 (0)20 7017 4161

Subscriptions
Christchurch Court
10-15 Newgate Street
London EC1A 7AZ, UK

Phone: +44 (0)20 7017 7583
Fax: +44 (0)20 7017 6985
E-mail: marketing@agra-net.com

Marketing: Sharon Tzuang

F.O. Licht® Online www.agra-net.com

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Phone: +44 (0)20 7017 7578 or
Fax: +44 (0)20 7017 6985
E-mail: marketing@agra-net.com

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