

World - Ethanol prices for the week ended 10 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 (11 August, 2017)	55-57 ↗		55-57 ↗	
North	Current	48-49 ↗		no quote	
	12 months ago (11 August, 2017)	55-56 ↗		no quote	
East	Current	48-50 ↗		49-50 ↗	
	12 months ago (11 August, 2017)	55-57 ↗		56-57 ↗	
		T1		T2	
NW European ports fob	Current	USD 43-45 ↘		50.5-51.5 ↗	
	12 months ago (11 August, 2017)	USD 49-50 ↗		55-56 ↘	

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 (11 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) ↗
12 months ago (11 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 (11 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)
12 months ago (11 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 (11 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) ↗
	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 (11 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	415-420 ↘	460-470 ↘	420-430 ↘	
	Chicago	New York		
USA, Spot	357-362 ↘	386-391 ↘		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	720-740 ↗		660-670 ↗	620-630 ↗

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

European Market Comments

Ethanol prices in the **traditional** market remain stable amid quiet market conditions. Players continue to watch the price movements on the grain market. Here prices have risen by over 35% since late June as production forecasts for key growing areas in Europe have been slashed following dry and hot weather conditions. There are reports that ethanol distillers are increasingly switching to corn as a feedstock. Here the price increase was half that of wheat as the supply conditions for this crop are much easier.

Beet alcohol continues to be aggressively priced but even here the hot summer may weather may result in re-think in the weeks ahead. This may not have to do with the overall level of the 2018/19 crop but more with its timing. Stock levels are reported to be relatively tight and the sugar industry may decide to start slicing the new crop later than last year in order to allow the beet to gain more weight. This could result in regional supply disruptions in September and possibly early October.

World Ethanol - Port Statistics (tonnes) - week beginning August 13, 2018									
Country	Port	Ship Name	Status	L	D	Origin	Sailing		ETA
							on	to	
Brazil	Aratu	Reinhold Schulte	E		8,000	Paranagua			20/08/2018
	Aratu	Pigeon Point	E		8,000	Paranagua			23/08/2018
	Maceio	MTM Tortola	E		5,000	USA			14/08/2018
	Maceio	Pigeon Point	E		3,000	Paranagua			20/08/2018
	Paranagua	Reinhold Schulte	B	8,086					05/08/2018
	Paranagua	Willard J	E	21,000					13/08/2018
	Santos	Huemul	E	5,380					
	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	Pigeon Point	E		11,835	Paranagua			14/08/2018
	Guatemala	Quetzal	Jo Spirit	E	5,000				
Quetzal		Fairchem Conquest	S	5,600				WC USA	
Nigeria	Lagos	Chemstar Tierra	B		11,875	USA			
Pakistan	Karachi	Fortitude	A	8,200					
	Karachi	Oriental Protea	B	2,500					
	Karachi	MTM Tokyo	B	17,000					
	Karachi	Chemway Gaia	S	9,200			10/08/2018		
	Karachi	Stolt Strength	S	6,350			09/08/2018		
	Karachi	Chemroute Sun	S	6,000			03/08/2018		
	Karachi	Elm Galaxy	S	5,500			01/08/2018		
Peru	Paita	MTM Northsound	B	3,675				China	
Sweden	Norrköping	Marinus	B		5,000				

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

Rhine water levels are extremely low at the moment showing absolute minimums of 1.60 – 1.70 metres. A barge can now take no more than 700 tonnes. With hardly any rainfall, limited melting water and low ground water levels, this situation could persist for a while causing continued problems for fuel supplies into Germany and Switzerland. Because of these low levels, each barge can carry only about two-thirds of its total capacity to the upper part of the Rhine, meaning more vessels to transport the same volume of goods. With rates far above the normal freight tariffs, German imports have now seen a drop, hoping for better times to start importing diesel and gasoil again and focusing on local supplies. However, this is not a solution for the long run as stocks of diesel/gasoil in Germany are low anyway. The higher barge rates have prompted logistics managers to look for alternatives such as road transport. But here the situation is not any easier as the general lack of drivers is compounded by the holiday season.

On the **fuel** alcohol market prices remain firm. By the end of the week they had reached EUR510-515 per cubic metre for the prompt, up by up to EUR5 on the week. Both September and October were flat at EUR500-510.

European Market Fundamentals

Spain - Fuel ethanol production in Jan/Feb 2018 was down 2% on the year at 50.0 mln litres, official data (CMNC) show.

Consumption declined by 12% to 35.8 mln litres.

The CMNC data imply a surplus of 14.1 mln litres, up from 10.0 mln for the corresponding 2017 period.

In calendar year 2017, 377.5 mln litres were produced and demand was 278.2 mln litres.

Brazilian Market Comments

The market ended unchanged in the latest week amid plentiful supplies and record demand. Sellers are reportedly finding the prices paid increasingly unattractive. However, they have little choice as sugar prices remain under pressure. In many locations ethanol continues to sell at a record discount to gasoline which is supporting demand growth.

Hydrous ethanol was offered at BRL1,740-1,760 per cubic metre (exw; taxes included), unchanged on the week. Offers for anhydrous grades also were flat at BRL1,750-1,770.

Brazil - Centre/South (CS) ethanol producers sold 1.700 bln litres of hydrous grades for the whole month of July 2018 for a 52% y/y increase.

Anhydrous ethanol sales stood at around 749 mln litres, according to local sugarcane industry association Unica. This is down 10% on the year.

Overall, the total sales for July amounted to 2.701 bln litres (2.140 bln), of which around 2.448 bln for the domestic market (1.954 bln) and 253 mln for export (186 mln).

Cumulative sales so far in the season were up 14% at 9.237 bln litres. Growth was driven by domestic sales which were up 15% at 8.724 bln litres while exports dropped 10% to 513 mln.

The industry was surprised at the high sales as July is a holiday month. Consumption levels are forecast to rise in August, Unica added.

Brazil: CS Ethanol Sales (mln litres; Apr/Mar season)								
	Most recent period	Preceding period	Year ago period	Change y/y in %	Cumulative 2018/19	Cumulative 2017/18	Change y/y in %	2017/18
Domestic market	2,448	2,528	1,954	25	8,724	7,564	15	25,400
Anhydrous	749	841	835	-10	2,681	3,176	-16	9,527
Hydrous	1,700	1,687	1,119	52	6,043	4,388	38	15,873
Export	253	100	186	36	513	569	-10	1,511
Anhydrous	153	62	142	8	308	432	-29	1,099
Hydrous	100	38	44	127	205	137	50	412
Total	2,701	2,628	2,140	26	9,237	8,133	14	26,911
Anhydrous	902	903	977	-8	2,989	3,608	-17	10,626
Hydrous	1,800	1,725	1,163	55	6,248	4,525	38	16,286

Imports are excluded.
Source: Unica

US Market Comments

Ethanol **future** prices in Chicago ended weaker amid pressure from the corn and energy markets. The front-month August contract finished the week at USD1.349 per gallon, down from USD1.430 the prior week.

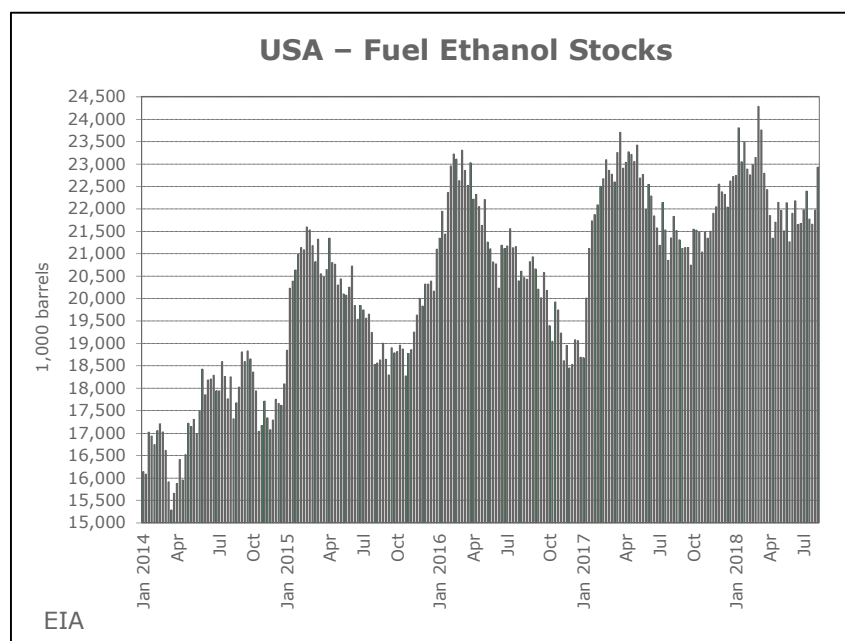
Spot prices in the Midwest fell to the mid-USD1.30 per gallon while prices on the Gulf Coast are now in the high USD1.40s.

United States - Fuel ethanol production in the week to August 3, 2018 averaged 1.100 mln barrels per day (bpd), up 36,000 on the week and only slightly below the all-time high of 1.100 mln set in early December 2017, data from Energy Information Administration (EIA) show. Output remained significantly above last year's (1.012 mln bpd).

Imports were nil for the 35th consecutive week.

Refiner and blender net input fell w/w (941,000 bpd vs 946,000) but was above last year's (938,000). Based on the amount of motor gasoline supplied, the average blending share was around 10.1% vol., up from 9.6% each in the preceding week and at the same time last year.

Stocks rose sharply w/w, hitting a 20-week high (around 22.9 mln barrels vs. 22.0 mln) with strong growth recorded in the Midwest (7.8 mln barrels vs 7.3 mln) and the Gulf coast (5.1 mln vs 4.2 mln), more than compensating declines on the East Coast (7.3 mln vs 7.7 mln).



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