F.O. LICHTS

# World Ethanol Price Report

Vol. 14, No. 12 August 20, 2018

## World - Ethanol prices for the week ended 17 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 (18 August, 2017) | 53-55 | 53-55 |
| North | Current | **48-49** | **no quote** |
| | 12 months ago (18 August, 2017) | 54-55 | no quote |
| East | Current | **48-50** | **49-50** |
| | 12 months ago (18 August, 2017) | 54-56 | 54-55 |
| | | T1 | T2 |
| NW European ports fob | Current | **USD 42-44** | **50-51** |
| | 12 months ago (18 August, 2017) | USD 47-49 | 54.5-55 |

| Non-Fuel | | Contract | | Spot | |
|---|---|---|---|---|---|
| | | 96° | 99° | 96° | 99° |
| West | Current | **58-60 (I)**<br>**53-55 (REN)**<br>**57-59 (B)** | **63-66 (I)** | **58-60 (I)**<br>**53-55 (REN)**<br>**57-59 (B)** | **65-67 (I)** |
| | 12 months ago (18 August, 2017) | 61-62 (I)<br>58-60 (REN)<br>62-64 (B) | 66-67 (I) | 61-63 (I)<br>58-60 (REN)<br>62-64 (B) | 66-67 (I) |
| Central | Current | **58-60 (I)**<br>**54-55 (REN)**<br>**57-59 (B)** | **63-66 (I)** | **58-60 (I)**<br>**54-55 (REN)**<br>**57-59 (B)** | **63-66 (I)** |
| | 12 months ago (18 August, 2017) | 61-63 (I)<br>58-60 (REN)<br>60-63 (B) | 64-66 (I) | 61-63 (I)<br>56-61 (REN)<br>62-64 (B) | 64-66 (I) |
| South | Current | **60-63 (I)**<br>**59-61 (B)** | **66-68 (I)** | **60-62 (I)**<br>**59-61 (B)** | **66-68 (I)** |
| | 12 months ago (18 August, 2017) | 61-63 (I)<br>61-63 (B) | 68-70 (I) | 61-63 (I)<br>61-63 (B) | 68-70 (I) |
| North | Current | **60-62 (I)** | **64-67 (I)** | **no quote (I)** | **no quote (I)** |
| | 12 months ago (18 August, 2017) | 60-62 (I) | 65-67 (I) | no quote (I) | no quote (I) |
| East | Current | **60-63 (I)**<br>**57-59 (B)**<br>**no quote (P)** | **64-65 (I)** | **60-63 (I)**<br>**55-57 (B)**<br>**no quote (P)** | **64-65 (I)** |
| | 12 months ago (18 August, 2017) | 60-64 (I)<br>60-62 (B)<br>no quote (P) | 64-66 (I) | 60-64 (I)<br>60-62 (B)<br>no quote (P) | 64-66 (I) |
| | | T1 | | T2 | |
| NW European ports fob | Current | **no quote (99)**<br>**no quote (REN)**<br>**no quote (surfin)** | | **no quote (99)**<br>**51-53 (REN)**<br>**56-57 (surfin)** | |
| | 12 months ago (18 August, 2017) | no quote (99)<br>no quote (REN)<br>no quote (surfin) | | no quote (99)<br>57-58.5 (REN)<br>58.5-60 (surfin) | |

| Non-European markets (USD/m3) | Fuel | | Non-fuel | |
|---|---|---|---|---|
| | Hydrous (EPA) | Anhydrous (EPA) | Grade B | |
| Brazil, fob Santos | **405-410** | **440-450** | **405-415** | |
| | Chicago | New York | | |
| USA, Spot | **357-359** | **386-388** | | |
| | Anhydrous | | ENA | Industrial |
| Pakistan, fob Karachi (USD/tonne) | **730-740** | | **645-660** | **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 remained unchanged amid a general lack of activity.

Players continue to watch the situation on the grain and sugar markets. There are reports that grain suppliers are insisting on renegotiating delivery contracts if they contain prices of less than EUR200. On the sugar market the summer heat also has taken its toll but the losses that are expected now will not materially change the picture of more than ample supplies.

While the determination of grain alcohol producers to seek higher prices in Q4 will certainly grow given current prices for their raw material, there is still some time to go before negotiations will start in mid-September. Therefore, most buyers remain rather relaxed taking some comfort from the fact that grain prices have retreated somewhat in recent days. Other background factors that could provide support are the stronger US dollar and higher oil price.

On the **fuel** alcohol market prices remained firm. By the end of the week they had reached EUR500-510 per cubic metre for the prompt, down up to EUR15 on the week. September remained in the high EUR500s, and October fell slightly to EUR500-505.

**World Ethanol - Port Statistics (tonnes) - week beginning August 20, 2018**

| Country | Port | Ship Name | Status | L | D | Origin | Sailing on | Sailing to | ETA |
|---|---|---|---|---|---|---|---|---|---|
| **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 | | 3,270 | USA | | | 14/08/2018 |
| | Maceio | Pigeon Point | E | | 3,000 | Paranagua | | | 20/08/2018 |
| | Paranagua | Willard J | B | 20,977 | | | | | |
| | Paranagua | Reinhold Schulte | S | 8,086 | | | 13/08/2018 | | |
| | Santos | Silver Zoe | E | 15,960 | | | | | 22/08/2018 |
| | Santos | Otto H | S | 16,000 | | | 15/08/2018 | GC USA | 01/09/2018 |
| | Santos | Muhut Silver | S | 36,000 | | | 29/07/2018 | WC USA | 22/08/2018 |
| | 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 |
| **Guatemala** | Quetzal | Jo Spirit | E | 5,000 | | | | | 22/08/2018 |
| **Pakistan** | Karachi | Oriental Protea | S | 2,500 | | | | | |
| | Karachi | MTM Tokyo | S | 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 | Neptunus | E | 5,000 | | | | Germany | |

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

## European Market Fundamentals

**Ireland - Fuel ethanol use** in Jan/Jun 2018 reached 28.0 mln litres, down 5.7% on the year, data from the National Oil Reserves Agency (NORA) show. The decline can be attributed to a 10.7% decrease in gasoline consumption, which more than offset an increase in the blending ratio (5.4% vol. vs. 5.1%). The (volumetric) Biofuels Obligation (BO) remained at 8.695%.

The NORA data imply an average biofuels blending share of 4.8%, if 84.0 mln litres of biodiesel are added, up fractionally on the year. However, waste-based product counts twice under the BO, and the bulk of the biodiesel consumed should fall under this category, so the actual share according to the quota is significantly higher.

In calendar year 2017, biodiesel use was 167.3 mln litres (blending share: 5.2%) and that for fuel ethanol 58.5 mln (5.2%). The biofuel blending share excluding double counting was 4.9%.


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## 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. With the rapid progress of the harvest, there are increasing signs that the cane crush will end as early as October. This could support values going forward.

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.

## US Market Comments

Ethanol **future** prices in Chicago recovered somewhat weaker following support from the corn markets. Overall activity is expected to remain sluggish. The front-month September contract finished the week at USD1.361 per gallon, up from USD1.349 the prior week.

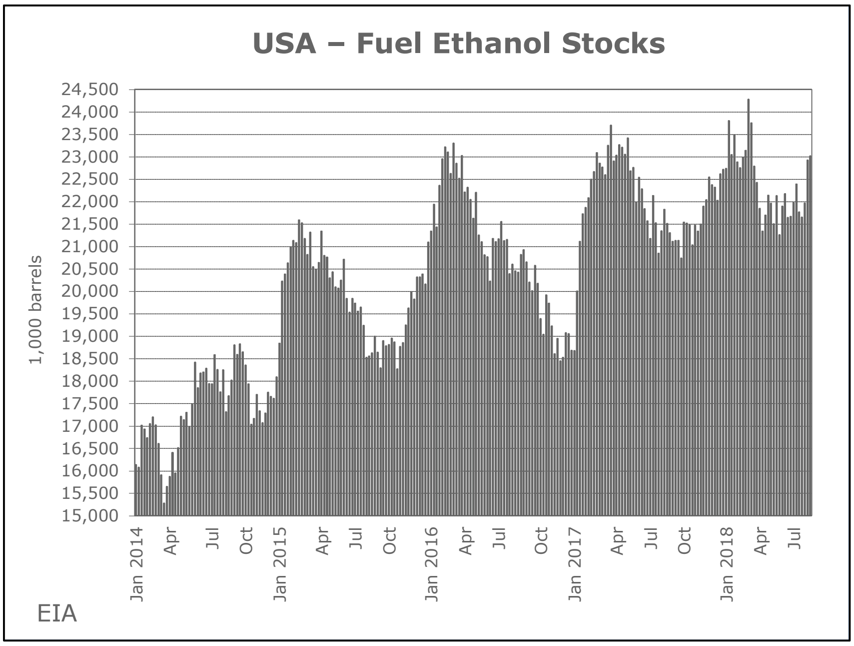
**Spot** prices in the Midwest recovered to the high-USD1.30s, while on the East Coast, they remained in the high USD1.40s.

**United States - Fuel ethanol production** in the week to August 10, 2018 averaged 1.072 mln barrels per day (bpd), down 28,000 on the week and only slightly below the all-time high of 1.108 mln set in early December 2017, data from Energy Information Administration (EIA) show. Output remained significantly above last year's (1.059 mln bpd).

**Imports** were nil for the 36th consecutive week.

**Refiner and blender net input** rose w/w to a six-week high (948,000 bpd vs 941,000) and was flat on the year. Based on the amount of motor gasoline supplied, the average blending share was around 10.0% vol., down slightly on the week and virtually flat on the year.

**Stocks** continued to rise w/w, hitting a 21-week high (around 23.0 mln barrels vs. 22.9 mln).





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