F.O. LICHTS

World Ethanol Price Report

Vol. 14, No. 18 October 1, 2018

World - Ethanol prices for the week ended 28 September, 2018

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

Fuel		Contract	Spot
Central	**Current**	**49-50**	**50-50**
	12 months ago (29 September, 2017)	51-52	51-52
North	**Current**	**49-50**	**no quote**
	12 months ago (29 September, 2017)	51-52	no quote
East	**Current**	**51-52**	**48-49**
	12 months ago (29 September, 2017)	52-53	52-53
		T1	T2
NW European ports fob	**Current**	**USD 42-43**	**49.5-50.5**
	12 months ago (29 September, 2017)	USD 47-48	50.5-51.5

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 (29 September, 2017)	61-62 (I) 58-60 (REN) 62-64 (B)	66-67 (I)	61-62 (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 (29 September, 2017)	61-62 (I) 58-60 (REN) 60-63 (B)	64-66 (I)	61-62 (I) 56-60 (REN) 62-64 (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 (29 September, 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 (29 September, 2017)	60-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	**Current**	**60-63 (I)** **59-60 (B)** **no quote (P)**	**64-65 (I)**	**60-63 (I)** **59-60 (B)** **no quote (P)**	**64-65 (I)**
	12 months ago (29 September, 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)** **50-52 (REN)** **56-57 (surfin)**	
	12 months ago (29 September, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 55-57.5 (REN) 57.5-59 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	**420-470**	**450-510**	**440-475**	
	Chicago	New York		
USA, Spot	**no quote**	**no quote**		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	**720-730**		**650-665**	**620-630**

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

European Market Comments

Negotiations for Q4 in the **traditional** market are still ongoing. Current trends suggest that surfin contracts will be rolled over for the most part. The only exception is grain alcohol where some increases were reported but which remained considerably below the recent moves on the cereal markets.

Supply tightness in the absolute market is still a feature as the UK supplier will reportedly remain shut down until mid-November. However, this is expected to have only mildly bullish effects.

The REN 96 market on the other hand is seeing some downward pressure given the increased rate of arrivals in ARA from Latin America. However, as with the 99° market this may be more of a factor later in the year.

On the **fuel** market prices were higher again in the latest week. While the prompt remained flat at EUR495-500 per cubic metre, October was up EUR5 at EUR495-500. November traded unchanged EUR480-490.

Freight sources reported a fixture for a 30 mln litre ethanol cargo for Brazil/South Korea on the vessel Chembulk Virgin Gorda in the low USD50s for late September/early October. Another 5,000 tonne vessel is due to load in Santos for the European market in early October.

On the EU market, up to 7 mln litres were sought for northern France/ARA for early October. Moreover, there was shipping interest for up to 4,000 tonnes of ETBE from ARA to northern France for late September and for 2,500 from southern France to Milazzo/Italy for early October.

World Ethanol - Port Statistics (tonnes) - week beginning Oct 1, 2018

Country	Port	Ship Name	Status	L	D	Origin	Sailing on	Sailing to	ETA
USA	Gulf	Celsius Mexico	S	5,000			27/09/2018		
	Houston	Bow Pioneer	S	60,000			21/08/2018	UAE	24/09/2018
Brazil	Itaqui	MTM Southport	B		3,000	Paranagua			
	Itaqui	Battersea Park	E		6,000	Santos			
	Paranagua	Silver Zoe	S	16,172			31/08/2018	US WC	28/09/2018
	Santos	Battersea Park	E	15,800					
	Santos	Stena Imprimis	E	40,000					
	Santos	Stolt Maple	E	32,000					
	Santos	Atlantic Gemini	S	32,000			25/09/2018	US WC	25/10/2018
	Santos	TRF Memphis	S	32,389			10/09/2018	Ulsan	16/10/2018
	Santos	STI Pontiac	S	32,000			01/09/2018	US WC	29/09/2018
Pakistan	Karachi	Oriental Sakura	B						
	Karachi	Straum	S	4,000			23/09/2018	UAE	03/10/2018
	Karachi	Stolt Sequoia	S	8,300			25/09/2018	UAE	29/09/2018
	Karachi	Pacific Horizon II	S	4,950			12/09/2018	Singapore	25/09/2018
	Karachi	CT Confidence	S	5,500			11/09/2018	Ulsan	

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

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Europe - Fuel Ethanol Prices, fob Rotterdam

		T1				T2				T1-T2 Spread	Import duties
Year	Month	USD/m³	USD/tonne	EUR/m³	EUR/tonne	EUR/m³	EUR/tonne	USD/m³	USD/tonne	EUR/m³	
2017	4	509	645	475	602	544	689	583	739	-69	151
	5	475	586	430	531	586	743	648	821	-156	151
	6	483	574	431	512	574	728	643	815	-143	151
	7	481	574	418	498	571	724	658	834	-153	151
	8	490	621	416	527	550	697	648	821	-134	151
	9	477	605	400	507	530	672	631	800	-130	151
	10	453	574	385	488	461	584	542	687	-76	151
	11	455	577	387	491	468	593	550	697	-81	151
	12	422	535	357	452	472	598	559	708	-115	151
2018	1	433	549	356	451	474	601	577	731	-118	151
	2	463	587	375	475	461	584	570	722	-86	151
	3	468	593	379	481	457	579	564	714	-78	151
	4	464	588	377	478	444	563	546	692	-67	151
	5	466	591	394	500	448	567	529	671	-53	151
	6	459	581	392	497	474	600	554	702	-81	151
	7	456	578	390	495	474	601	554	702	-84	151
	8	431	546	374	474	502	636	578	733	-128	151
	9	417	529	358	454	493	625	574	728	-135	151

European Market Fundamentals

United Kingdom - Fuel ethanol consumption in August 2018 was 67 mln litres, up 5% on the year, and bringing the calendar year 2018 total to 501 mln litres, up 1%. Gasoline use continued to show a downward trend (Jan/Aug: -2%, including fuel ethanol).

The average blending share in August reached 4.8% vol., a 14-month high. The Jan/Aug total rose to 4.6% from 4.4%.

The effect of the increase in the Renewable Transport Fuel Obligation (RTFO), which rose to 7.25% vol. from 4.75% on April 15, is limited as blending is near its current limit (E-5). This means the higher RTFO mainly boosted biodiesel demand.

Fuel ethanol consumption in Jan/Dec 2017 was 753 mln litres, with the blending share reaching 4.6%.

Brazilian Market Comments

The market ended unchanged amid record demand. News of record stocks continue to be discounted as there is consensus that the inter-crop period will be longer than normal.

Hydrous ethanol continues to be offered at BRL2,050-2,100 per cubic metre (exw; taxes included) while anhydrous grades trade unchanged at BRL1,960-1,990.

The sharp price falls for Grade B in recent weeks prompted increased sales of this product to all parts of the world, including China, Korea and Europe.

US Market Comments

Fuel ethanol future prices in Chicago recovered during the latest week but remained below USD1.30 per gallon. Main drivers were a firmer grain and energy market. Falling ethanol stocks also lent support.

The front-month October contract finished the week at USD1.285, up USD1.251 the prior week.

In the **non-fuel** market players took note of the growing supply tightness in the market for synthetic alcohol. The producer has so far made no official announcement.

United States - Fuel ethanol production in the week to September 21, 2018 averaged 1.036 mln barrels per day (bpd), reported the Energy Information Administration (EIA), down 15,000 on the week. Output remained up on the year (996,000 bpd).

Imports were nil for the third consecutive week.

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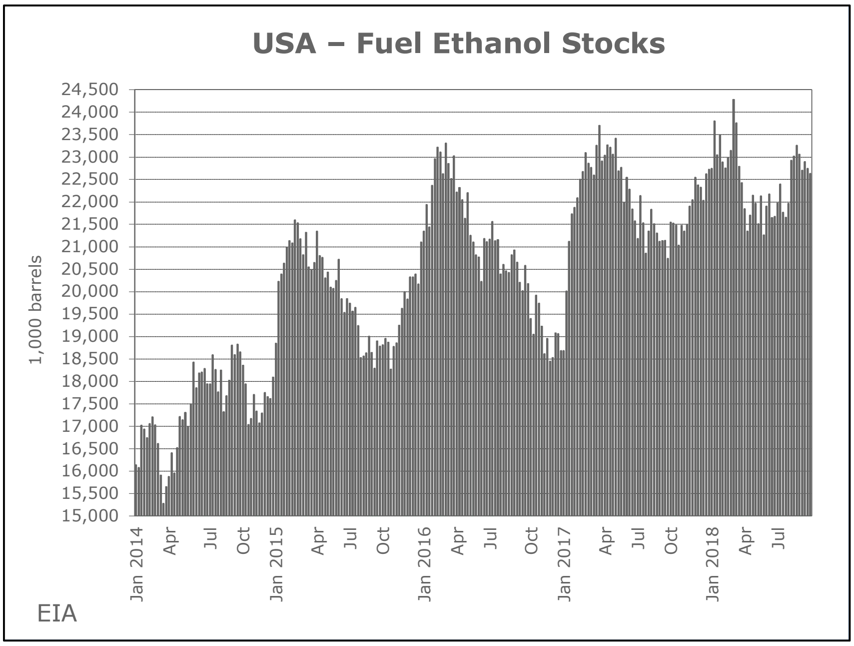
Refiner and blender net input was 901,000 bpd, below 928,000 in the prior week and 917,000 last year. Based on the amount of motor gasoline supplied, the blending share averaged around 10.0% vol., up from 9.7% and 9.6% each.

Stocks continued to decline on the week (22.6 mln barrels vs. 22.7 mln). A sharp increase on the East Coast (8.0 mln barrels vs 7.2 mln) was more than offset by decreases elsewhere.



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