F.O. LICHTS

World Ethanol Price Report

Vol. 14, No. 20 — October 15, 2018

World - Ethanol prices for the week ended 12 October, 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 (13 October, 2017)	48-49	48-49
North	**Current**	**49-50**	**no quote**
	12 months ago (13 October, 2017)	48-49	no quote
East	**Current**	**51-52**	**48-49**
	12 months ago (13 October, 2017)	49-50	49-50
		T1	**T2**
NW European ports fob	**Current**	**USD 42.5-43.5**	**48.5-49.5**
	12 months ago (13 October, 2017)	USD 45-46	46-47

Non-Fuel		Contract 96°	Contract 99°	Spot 96°	Spot 99°
West	**Current**	**58-60 (I)** **53-55 (REN)** **58-60 (B)**	**65-67 (I)**	**58-60 (I)** **53-55 (REN)** **58-60 (B)**	**65-67 (I)**
	12 months ago (13 October, 2017)	61-62 (I) 56-58 (REN) 62-64 (B)	66-67 (I)	61-62 (I) 56-58 (REN) 62-64 (B)	66-67 (I)
Central	**Current**	**58-60 (I)** **55-56 (REN)** **58-60 (B)**	**65-67 (I)**	**58-60 (I)** **55-56 (REN)** **58-60 (B)**	**65-67 (I)**
	12 months ago (13 October, 2017)	61-62 (I) 56-58 (REN) 60-63 (B)	64-66 (I)	61-62 (I) 55-58 (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 (13 October, 2017)	61-63 (I) 61-63 (B)	68-70 (I)	61-63 (I) 61-63 (B)	68-70 (I)
North	**Current**	**60-62 (I)**	**65-67 (I)**	**no quote (I)**	**no quote (I)**
	12 months ago (13 October, 2017)	60-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	**Current**	**60-63 (I)** **59-60 (B)** **no quote (P)**	**64-66 (I)**	**60-63 (I)** **59-60 (B)** **no quote (P)**	**64-66 (I)**
	12 months ago (13 October, 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 (13 October, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 52-53 (REN) 57.5-59 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	**Anhydrous (EPA)**	**Grade B**	
Brazil, fob Santos	**460-535**	**490-570**	**490-545**	
	Chicago	**New York**		
USA, Spot	**341-343**	**370-372**		
	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 have mostly been concluded. While the majority of the contracts have seen a roll-over, some increases were reported in the Central region for beverage grades. There was some downward pressure on REN grades for deliveries later in the year. This was explained with the arrival of a couple of cargoes from WC South America as well as Pakistan.

Supply tightness in the absolute market is still a feature as the UK supplier will reportedly remain shut down until mid-November. This has resulted in an upward correction of the current price level in most locations.

On the **fuel** market prices were lower again in the latest week. The prompt lost EUR5 at EUR480-490, November was down up to EUR10 at EUR470-480 and December lost EUR5 to EUR470-475.

On the EU market, **shipping** sources noted enquiries for 3.0 mln litres from Lillebonne/France to ARA for mid-October. Regarding ETBE, there was shipping interest for a 5,000 tonne cargo (including MTBE) from southern France to Italy for early October and for 1,800 from ARA to Norway for later this month.

World Ethanol - Port Statistics (tonnes) - week beginning Oct 15, 2018							Sailing		
Country	**Port**	**Ship Name**	**Status**	**L**	**D**	**Origin**	**on**	**to**	**ETA**
USA	Gulf	Ace Vessel	E	5,000				ARA	
	Gulf	TRF Kobe	S	18,000			03/10/2018	Gibraltar	19/10/2018
	Gulf	Bow Pioneer	S	60,000			21/08/2018	India	09/10/2018
Brazil	Aratu	Louis P	E		10,000	USA			14/10/2018
	Itaqui	Battersea Park	E		6,000	Santos			
	Paranagua	Chembulk Virgin Gorda	E	23,670				Ulsan	
	Santos	Normanna	B	4,157					
	Santos	Castillo de Tebra	B	3,782					
	Santos	MTM Southport	S	17,489			11/10/2018	Singapore	10/11/2018
	Santos	Barbouni	S	2,600			13/10/2018	Argentina	16/10/2018
	Santos	Stolt Maple	S	32,000			08/10/2018	Pacific	
	Santos	Battersea Park	S	15,800			04/10/2018	Itaqui	08/10/2018
	Santos	Stena Imprimis	S	40,000			01/10/2018	US GC	22/10/2018
	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
	Suape	Louis P	E		12,842	USA			
Guatemala	Quetzal	BW Helium	E	10,000					17/10/2018
Pakistan	Karachi	Bunga Lavender	B	17,500				Singapore	
	Karachi	Brillante	S	7,000			14/10/2018	Singapore	23/201/2018
	Karachi	Stolt Sequoia	S	8,365			23/09/2018	ARA	
Sweden	Norrköping	Ternvind	E	5,000					15/10/2018
***only customs clearing, **ETBE; A: Anchored; B: Berthed; E: Expected; S: Sailed; L: Load; D: Discharge**									

Brazilian Market Comments

The market continued to climb even though the increase slowed down considerably in the latest week. Demand continues to be very healthy but the firmer real could result in lower gasoline prices at the pump which would negatively affect the upward potential for ethanol.

Hydrous ethanol gained BRL30-40 to BRL2,220-2,250 per cubic metre (exw; taxes included) while anhydrous grades added the same to BRL2,050-2,070.

The sharp price increase seen in recent weeks and the recovery of the Brazilian real will undermine the export business for Grade B.

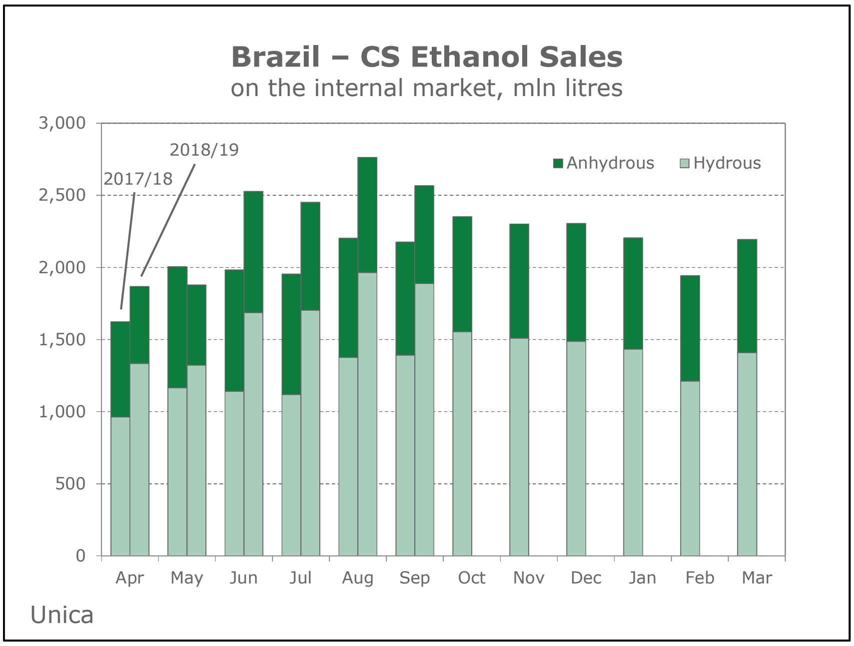
 ISSN: 1759-1414

Brazil - Ethanol sales ex Centre/South (CS) in September 2018 rose to around 2,732 mln litres from 2,333 mln one year ago, sugar sector group Unica said.

Out of this, 1,889 mln litres (1,392 mln) were hydrous grades for the local market, supported by advantageous economics against gasohol at the pump. This was down slightly from 1,965 mln litres in August due to the start of the sugar campaign in the North/Northeast (NNE), cutting import demand there. The 36% y/y growth here follows a 43% increase in September.

Ethanol sales in the second half of the month were up 9% y/y at 1.33 bln litres, said Unica. At the same time, sales of anhydrous grades fell to 324 mln litres from 379 mln, due to the NNE campaign, lower demand for blending and imports.

Total sales of all grades so far in the current Apr/Mar cycle were up 16% at 14,915 mln litres, the Unica data show. The hydrous segment rose by 38% to 10,266 mln litres.



Brazil: CS Ethanol Sales (mln litres; Apr/Mar season)

	Sep 2018	Aug 2018	Sep 2017	Change y/y in %	Cumulative 2018/19	Cumulative 2017/18	Change y/y in %	2017/18
Domestic market	2,567	2,764	2,175	18	14,057	11,942	18	25,400
Anhydrous	678	799	783	-13	4,158	4,786	-13	9,527
Hydrous	1,889	1,965	1,392	36	9,899	7,156	38	15,873
Export	165	180	157	5	858	920	-7	1,511
Anhydrous	76	108	116	-34	491	632	-22	1,099
Hydrous	89	72	41	117	367	288	27	412
Total	2,732	2,944	2,333	17	14,915	12,862	16	26,911
Anhydrous	753	906	900	-16	4,649	5,418	-14	10,626
Hydrous	1,978	2,037	1,433	38	10,266	7,444	38	16,286

Imports are excluded.
Source: Unica

ISSN: 1759-1414

Brazil - Ethanol exports in September 2018 totalled around 177.0 mln litres, official data show, against 264.0 mln in August and 143.7 mln last year.

In September, 97.8 mln litres went to the United States, after 151.9 mln in the preceding month and 63.7 mln last year. Additionally, 59.6 mln litres were shipped to South Korea (78.6 mln and 73.3 mln) Moreover, 11.4 mln litres went to India (nil each) and 7.6 mln to the European Union.

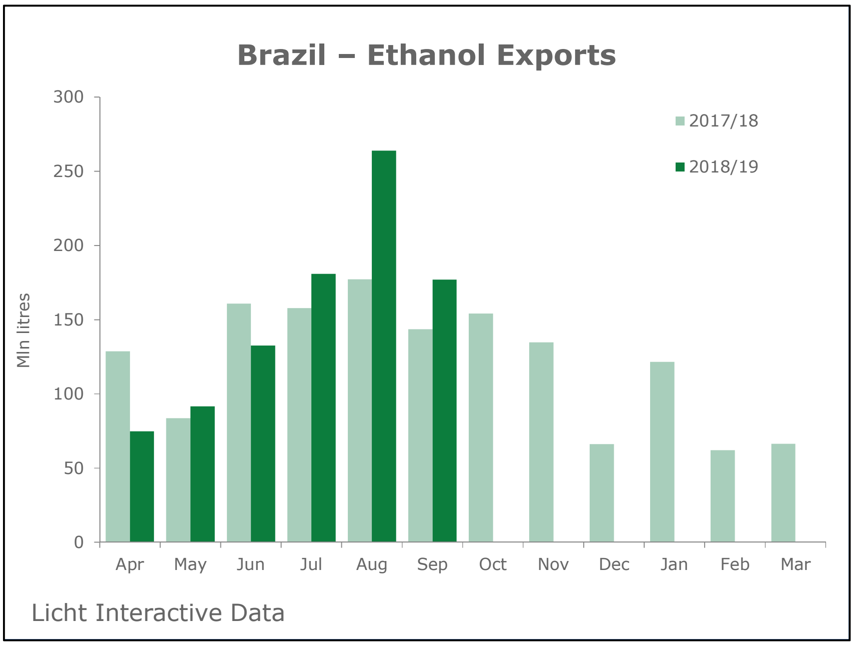
This would bring exports from the current Apr/Mar cycle to 920.9 mln litres, above the prior year's level of 852.4 mln. The main destination was the US (519.1 mln litres vs 567.6 mln), followed by South Korea (291.0 mln vs 220.0 mln) and Japan (65.5 mln vs 32.9 mln).

Imports in September totalled only 5.7 mln litres, a three-year low, down from 47.6 mln in the prior month and 109.9 mln last year.

This brought imports in the current Apr/Mar cycle to 760.1 mln litres, down from 878.5 mln last year. Virtually the entire import volume in 2018/19 and 2017/18 came from the United States.

In 2017/18, 1.457 bln litres of ethanol were exported, while 1.758 bln came in.

The data exclude trade in blends and products.



US Market Comments

Fuel ethanol future prices in Chicago showed some weakness during the latest week but managed to stay above the USD1.30 per gallon mark. The main drivers were weaker energy markets while grain prices stayed largely flat.

The front-month October contract finished the week at USD1.309, down from USD1.320 the prior week.

United States - Ethanol exports in August 2018 totalled 459.6 mln litres, up from 400.6 mln in July and 367.8 mln last year, trade data show.

Shipments to Canada amounted to 115.4 mln litres in August, an above-average level, against 143.1 mln in the preceding month and 116.9 mln last year. Exports to EU destinations jumped to 97.4 mln from 35.9 mln in July. Around 56.8 mln litres went to the United Arab Emirates (nil), following marginal volumes in July.

ISSN: 1759-1414

There only were weak shipments to South Korea (2.5 mln litres, against 30.8 mln in July and 3.0 mln last year) and Brazil (marginal volumes, against 71.2 mln and 92.8 mln). Exports to India were also below average (31.6 mln).

Exports in Jan/Aug amounted to a record 4.394 bln litres, up 26% on the year. The main destination remained Brazil (1.381 bln litres vs 1.149 bln), followed by Canada (873.3 mln vs 832.8 mln), India (340.9 mln vs 404.0 mln), the EU (270.0 mln vs 111.6 mln), South Korea (201.9 mln vs 121.9 mln), China (200.1 mln vs marginal volumes) and the Philippines (191.5 mln vs 169.5 mln). There also were rising exports to Peru (142.6 mln litres vs 120.6 mln), while the United Arab Emirates took 167.3 mln (137.5 mln). At the same time, other Middle East destinations showed considerable growth, including Oman (90.5 mln litres vs nil) and Saudi Arabia (44.0 mln vs 0.106 mln). Exports to Singapore rose to 71.0 mln litres from 43.1 mln.

Imports in August hit a nine-month high of 158.1 mln litres, against 54.9 mln in July and 152.0 mln last year. Arrivals from Brazil rose on the month (145.8 mln litres vs 46.9 mln) and were also up on the year (140.1 mln).

Imports so far in 2018 were down 5% on the year at 636.0 mln litres, of which 550.5 mln (593.6 mln) from Brazil.

Net exports 2018 were up 34% at a record 3.756 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.

 ISSN: 1759-1414

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ISSN 1759-1414

World Ethanol Price Report is published by F.O. Licht, a division of Informa Agra Ltd., Christchurch Court, 10-15 Newgate Street, London, EC1A 7AZ, UK

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