F.O. LICHT'S World Ethanol Price Report

Vol. 14, No. 23 November 5, 2018

World - Ethanol prices for the week ended 2 November, 2018

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

Fuel		Contract	Spot
Central	**Current**	**50-51**	**51-52**
	12 months ago (3 November, 2017)	48-49	48-49
North	**Current**	**50-51**	**no quote**
	12 months ago (3 November, 2017)	48-49	no quote
East	**Current**	**51-52**	**49-50**
	12 months ago (3 November, 2017)	49-50	49-50
		T1	**T2**
NW European ports fob	**Current**	**USD 43.5-44.5**	**50-50.5**
	12 months ago (3 November, 2017)	USD 45-46	46-47.5

Non-Fuel		Contract		Spot	
		96°	**99°**	**96°**	**99°**
West	**Current**	**58-60 (I)** **53-55 (REN)** **58-60 (B)**	**66-68 (I)**	**58-60 (I)** **53-55 (REN)** **58-60 (B)**	**66-68 (I)**
	12 months ago (3 November, 2017)	61-62 (I) 56-58 (REN) 62-64 (B)	66-67 (I)	60-61 (I) 54-56 (REN) 62-64 (B)	66-67 (I)
Central	**Current**	**58-60 (I)** **55-56 (REN)** **58-60 (B)**	**66-68 (I)**	**58-60 (I)** **55-56 (REN)** **58-60 (B)**	**66-68 (I)**
	12 months ago (3 November, 2017)	61-62 (I) 56-58 (REN) 60-63 (B)	64-66 (I)	60-62 (I) 54-56 (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 (3 November, 2017)	61-63 (I) 61-63 (B)	68-70 (I)	61-62 (I) 61-63 (B)	68-70 (I)
North	**Current**	**60-62 (I)**	**65-67 (I)**	**no quote (I)**	**no quote (I)**
	12 months ago (3 November, 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 (3 November, 2017)	60-64 (I) 60-62 (B) no quote (P)	64-65 (I)	60-64 (I) 60-62 (B) no quote (P)	64-65 (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 (3 November, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 51-53 (REN) 57.5-59 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	**Anhydrous (EPA)**	**Grade B**	
Brazil, fob Santos	**440-515**	**465-570**	**465-520**	
	Chicago	**New York**		
USA, Spot	**335-338**	**362-365**		
	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 been concluded and the price trends of recent weeks have been confirmed. Spot material remains scarce and prices are considered to be well supported. As the sugar beet harvest progresses there are anecdotal reports that final harvest numbers may be worse than expected. This and the price recovery on the world sugar market could mean that less sugar syrup may be made available for ethanol production during the later stage of the campaign.

On the **fuel** market prices continued to move higher on a combination of plant shut-downs, higher feedstock prices and logistical bottlenecks. November gained EUR20-25 to EUR505-510 while December was up EUR5-10 to EUR495-500. December was assessed in the same range.

Freight sources reported a number of fixtures and enquiries for ethanol ex United States and Pakistan. In the US, the vessel Intrepid Seahawk was to take over around 20 mln litres (16,000 tonnes) of ethanol, destined for Itaqui/Brazil in the low USD40s per tonne in mid-October. There also was shipping interest for 11.0-11.5 mln litres from the Gulf to Colombia for later October. Enquiries ex Pakistan included several cargoes for up to 6,000-7,000 tonnes from Karachi to Spain or other western Med ports, all for mid-/late November. Shipping interest on the EU market included up to 9 mln litres from the Tees to Stanlow, Belfast (all United Kingdom) and Dublin (Ireland) for mid-October as well as 6 mln for northern France/Sweden and 4 mln from the Thames (UK) to Stenungsund (Sweden), both for late October/early November. Moreover, 5,000 tonnes of ETBE and MTBE were sought for Fos (France)/Taranto and Venice (both Italy) for late October.

World Ethanol - Port Statistics (tonnes) - week beginning Nov 02, 2018

Country	Port	Ship Name	Status	L	D	Origin	Sailing on	Sailing to	ETA
USA	Gulf	TRF Kobe	S	18,000			03/10/2018	Suez	27/10/2018
	EC	Intrepid Seahawk	S	15,780			15/10/2018	Itaqui	03/11/2018
Brazil	Aratu	TRF Bergen	E		10,000	USA			
	Itaqui	MTM Fairfield	B		6,000	USA			
	Itaqui	Intrepid Seahawk	E		15,780	USA			03/11/2018
	Itaqui	Stena Imprimis	E		19,000	USA			06/11/2018
	Paranagua	Chembulk Virgin Gorda	E	23,670				Ulsan	
	Santos	SW Cap Ferrat I	B	27,200					
	Santos	Normanna	S	4,157				Ghana	27/10/2018
	Santos	Castillo de Tebra	S	3,782				Suape	23/10/2018
	Santos	MTM Southport	S	17,489			11/10/2018	Singapore	10/11/2018
	Santos	Stolt Maple	S	32,000			08/10/2018	Pacific	
	Santos	Atlantic Gemini	S	32,000			25/09/2018	US WC	25/10/2018
	Suape	Stena Imprimis	E		15,000	USA			08/11/2018
	Suape	Intrepid Seahawk	E		20,000	USA			08/11/2018
	Suape	MTM Tortola	B		3,000				
Guatemala	Quetzal	BW Helium	S	8,400			23/10/2018	France	10/11/2018
Pakistan	Karachi	Chemroad Sakura	B	6,000					
	Karachi	Bochem Ghent	B	5,500					
	Karachi	Chemroute Sun	S	13,800			23/10/2018	Singapore	01/11/2018
	Karachi	Ginga Leopard	S	2,000			18/10/2018	Malaysia	27/10/2018
	Karachi	Bunga Lavender	S	17,500			17/10/2018	Singapore	27/10/2018
	Karachi	Brillante	S	7,000			14/10/2018	Singapore	23/10/2018
	Karachi	Stolt Sequoia	S	8,365			23/09/2018	ARA	29/10/2018
Germany	Rostock	Aland	E		5,000			Sweden	04/11/2018
	Rostock	Marinus	E	5,000	5,000	Sweden		Denmark	05/11/2018
Netherlands	Rotterdam	Chembulk New York	E		25,000	Paraguay			
	Rotterdam	Bow Engineer	B		15,000	LATAM			

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

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Fundamentals

Spain - Fuel ethanol production in Jan/Apr 2018 was up 76% on the year at around 174.5 mln litres, official data (CMNC) show.

Consumption rose by 4% to 89.3 mln litres.

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

Brazilian Market Comments

The dynamics on the ethanol market remained split for the third week in a row. The firmer real is making imported gasoline cheaper. This reduced the attractiveness of hydrous ethanol at the pump and prices continued to retreat.

By the same token demand for anhydrous was higher and prices remained in the recent ranges.

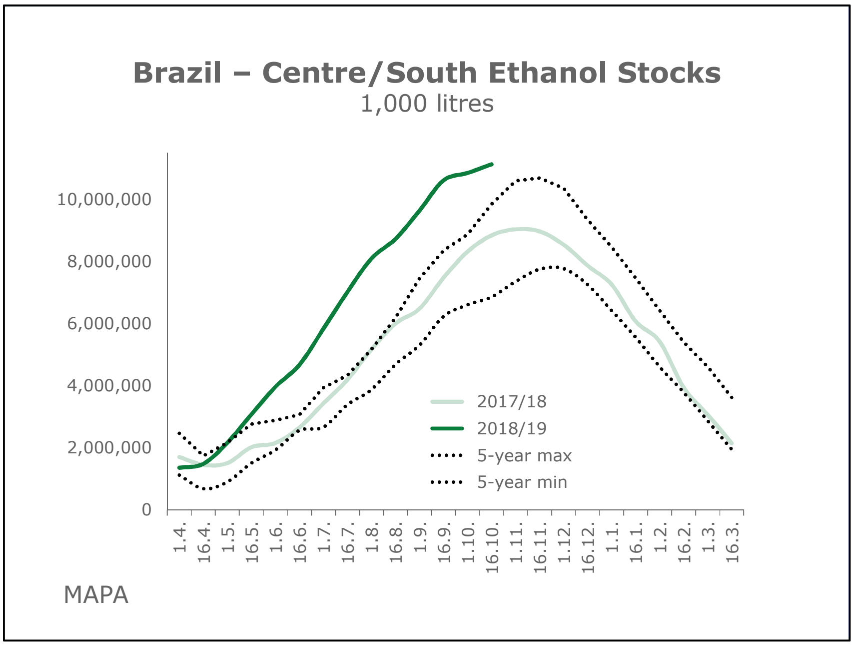
Hydrous ethanol lost BRL30-50 to BRL2,120-2,160 per cubic metre (exw; taxes included) while anhydrous grades were assessed at BRL2,100-2,120.

Brazil - The slowing pace of production has prompted ethanol stocks in the Centre/South (CS) to grow less dynamically than last year at this time of the year. Nevertheless they reached a new record high.

As of October 16, 2018, there were 11.1 bln litres in stock in the CS, up from 8.8 bln last year. At the same time, the pace of inventory growth fell off. The increase in stocks over the last four weeks was 0.5 bln litres against 1.4 bln last year.

Supplies of hydrous ethanol in the CS are plentiful, the data suggest. The share of this product in overall stocks reached 64%, a level which was last surpassed in 2010 at this time of the year.

Stocks in the North/Northeast continue to climb as the harvest in the region gathers speed. Inventories reached 259 mln litres by mid-October, up from 250 mln 12 months earlier.



Brazil - Ethanol exports in October 2018 amounted to around 278.7 mln litres, against 176.4 mln in September and 152.9 mln last year, Trade Ministry figures show. This was the highest volume since February 2016. Support came from the weaker real. The ministry's data refer to undenatured grades only.

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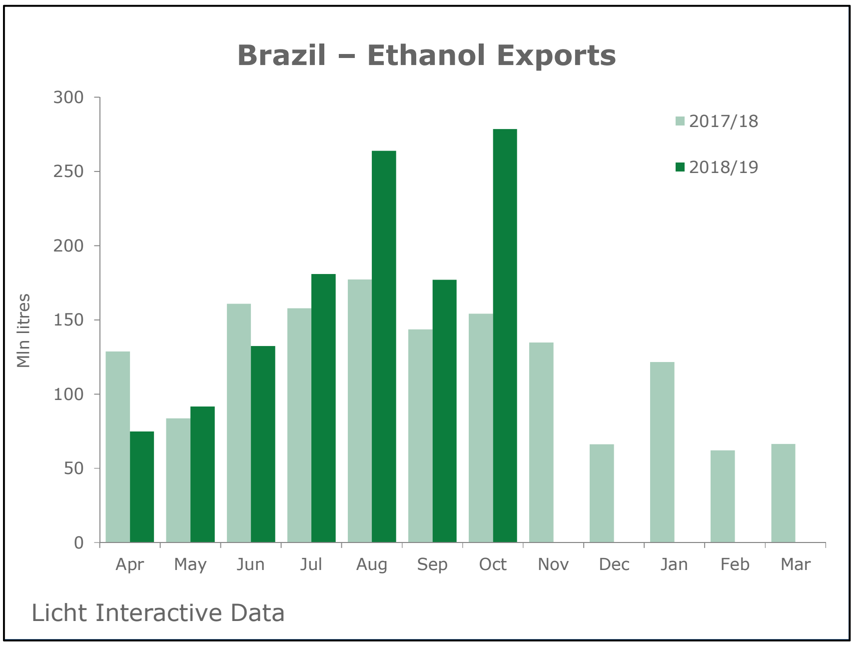
This would bring ethanol exports so far in the 2018/19 season (starting in April) to 1,200 bln litres, up from 1,006 mln in the same period a year ago, the data imply. In 2017/18, 1.457 bln litres were exported. The data exclude trade in blends.



US Market Comments

Ethanol futures in Chicago were supported by higher corn prices in the latest week while the energy complex remained depressed. The large drop in inventories (see below) could lift the market further in the days ahead.

The front-month (November) contract finished the week at USD1.302 per gallon, up marginally from USD1.277 the prior week.

United States - Fuel ethanol production in the week to October 26, 2018 averaged 1.059 mln barrels per day (bpd), reported the Energy Information Administration (EIA), the highest for eight weeks, up 25,000 on the week. **Output** was up on the year (1.056 mln bpd).

Imports fell to nil from 15,000 bpd from nil in the prior week.

Refiner and blender net input was 936,000 bpd, down 4,000 on the week, while it remained up on the year (930,000). Based on the amount of motor gasoline supplied, the blending share averaged around 10.1% vol., flat on the week (9.8% last year).

Stocks were once again lower on the week. Overall inventories declined to 22.7 mln barrels from 23.9 mln, a five-week low. Inventory levels were down over all regions, but the sharpest declines were reported from the East Coast (7.5 mln barrels vs 7.9 mln), the Midwest (7.4 mln vs 7.8 mln) and the Gulf (4.7 mln vs 4.9 mln).

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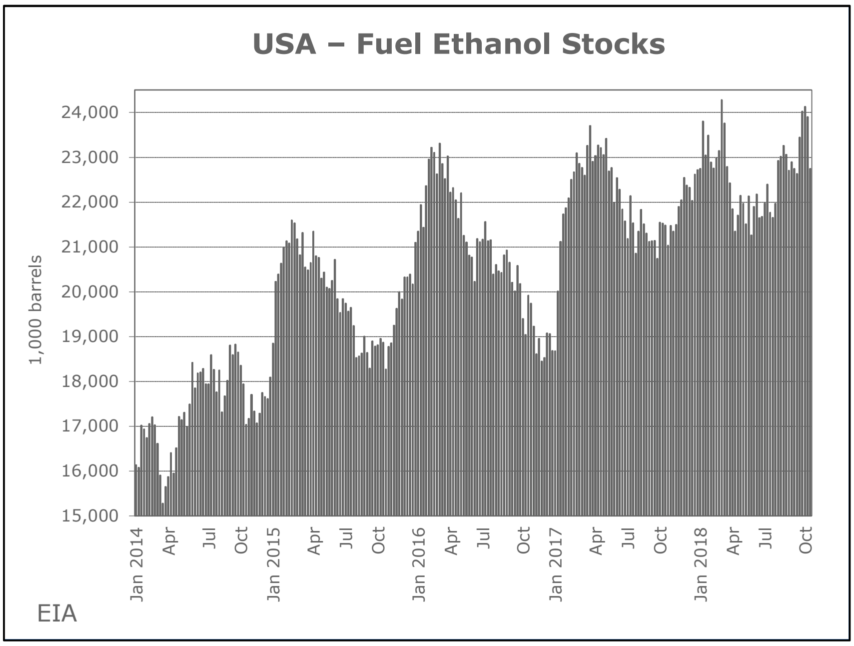

Asian Market Comments

Japan - Ethanol imports in September 2018 totalled 125.2 mln litres, a six-month low, against 144.9 mln litres in August and 121.6 mln last year, trade data show.

Imports in Jan/Sep 2018 totalled 1,182 mln litres, a record level, up from 1,106 mln one year earlier and a historical high for that time of the year.

In Jan/Dec 2017, 1,487 mln litres were imported. The data include trade in blends like ETBE.

Regarding pure ethanol imports, totalling 550.8 mln litres in Jan/Sep (541.9 mln in 2017), more than the half of it came from Brazil 288.5 mln, up from 220.1 mln and 41% in 2017. The second-most important origin was Pakistan (113.4 mln litres/21% vs 217.4 mln/40%), followed by the United States (82.4 mln/15% vs 57.8 mln/11%).

The import matrix also included 631.4 mln litres coming in in ETBE, up from 563.8 mln, all of which from the US (including re-exports of cane ethanol).

South Korea - Ethanol imports in September 2018 amounted to 29.2 mln litres, down from 34.7 mln litres in August and 38.5 mln last year, trade data show.

Imports in Jan/Sep 2018 totalled 311.1 mln litres, up from 271.4 mln one year earlier and a historical high for that time of the year.

Shipments from the US, the main origin, rose y/y to 163.9 mln litres from 108.9 mln, raising their share to 53% from 40%. Other key origins so far in 2018 were Pakistan (55.6 mln litres vs. 27.5 mln), with the share almost doubling to 18% from 10%, and Australia (37.5 mln vs. 59.0 mln).

The import matrix also included growth in arrivals from Brazil (20.6 mln vs 10.2 mln), while there were lower recordings for Cambodia (19.3 mln vs 21.1 mln), Vietnam (2.2 mln vs 7.8 mln), China (0.9 mln vs 4.0 mln) and Guatemala (1.7 mln vs 15.6 mln).

In Jan/Dec 2017, 380.0 mln litres were imported.

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