

World - Ethanol prices for the week ended 30 November, 2018

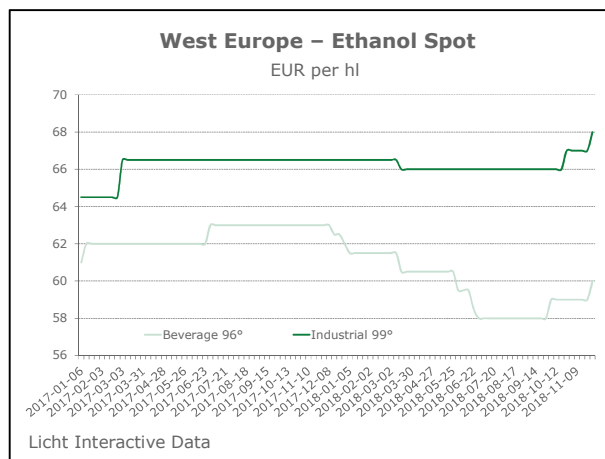
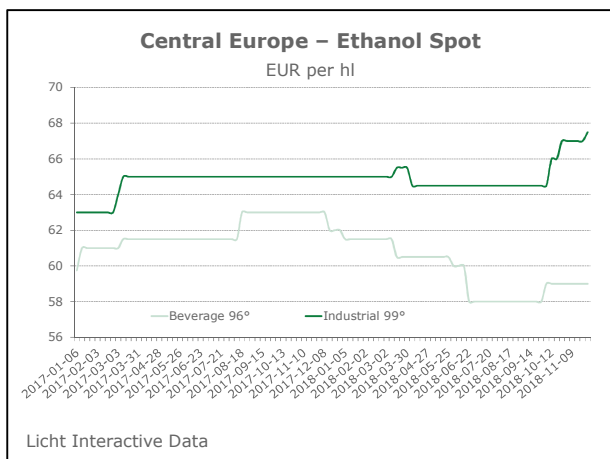
European Union (in EUR/hl pure alcohol, delivered at place, unless stated otherwise)

Fuel		Contract		Spot	
Central	Current	50-51 ↕		52-54 ↕	
	12 months ago (1 December, 2017)	47-49 ↕		48-50 ↕	
North	Current	50-51 ↕		no quote	
	12 months ago (1 December, 2017)	47-49 ↕		no quote	
East	Current	51-52 ↕		51-52 ↕	
	12 months ago (1 December, 2017)	47-49 ↕		48-50 ↕	
		T1		T2	
NW European ports fob	Current	USD 39.5-40.5 ↕		56.5-58 ↕	
	12 months ago (1 December, 2017)	USD 42-43 ↕		47-47.5 ↕	

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	Current	58-60 (I) ↕ 53-55 (REN) ↕ 58-60 (B) ↕	66-70 (I) ↕	60-61 (I) ↕ 55-57 (REN) ↕ 59-61 (B) ↕	66-70 (I) ↕
	12 months ago (1 December, 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) ↕	59-61 (I) ↕ 56-58 (REN) ↕ 58-60 (B) ↕
12 months ago (1 December, 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 (1 December, 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)
12 months ago (1 December, 2017)	60-62 (I) ↕	65-67 (I) ↕	no quote (I)	no quote (I)	
East	Current	60-63 (I) ↕ 59-62 (B) ↕ no quote (P)	64-66 (I) ↕	60-63 (I) ↕ 59-62 (B) ↕ no quote (P)	65-69 (I) ↕
	12 months ago (1 December, 2017)	61-64 (I) ↕ 62-64 (B) ↕ no quote (P)	64-65 (I) ↕	61-64 (I) ↕ 62-64 (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 (1 December, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 51-54 (REN) ↕ 57.5-59 (surfin) ↕	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	420-460 ↕	440-495 ↕	450-475 ↕	
USA, Spot	Chicago	New York		
	no quote	no quote		
Pakistan, fob Karachi (USD/tonne)	Anhydrous		ENA	Industrial
	710-730 ↕		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

Prices for **traditional** product remained unchanged as the market is now in its peak consumption period. The supply tightness in parts of the United Kingdom has now spread to the continent where a French producer has reduced run rates. Similarly to the UK this decision is the result of unexpectedly low supplies of feedstock, in this case sugar beet syrup.

This together with the buoyant fuel ethanol market is pushing up spot values and may also set the tone for Q1 negotiations. These are expected to start in the next week or two.

Meanwhile, players try to assess the effects of the arrival of two large vessels from South America and one from the USA in UK/ARA in the next couple of weeks. Most of the product is for the **fuel** market which has seen considerable gains in recent weeks after CropEnergies announced that it would idle its plant in the UK at the end of November. The vessel coming from the US leaves many market observers scratching their heads as the arbitrage has been closed throughout 2018.

So far the prospect of a higher import volume has left most in the market unimpressed and fuel ethanol values for prompt continued to rise in the latest week. However, the Nov/Dec spread widened to EUR20-30 against EUR15-30 last week.

November gained up to EUR20-30 to EUR565-580 per cube, December was up EUR10-20 at EUR545-550 and January remained level at EUR520-525.

Freight sources noted inquiries (all for late November/early December) for up to 6,000 tonnes of ethanol from Le Havre/France to Grangemouth/United Kingdom, 4,500 from Lillebonne/France to Gothenburg/Sweden and up to 9 mln litres from ARA to the Thames/UK.

World Ethanol - Port Statistics (tonnes) - week beginning Dec 3, 2018									
Country	Port	Ship Name	Status	L	D	Origin	Sailing		ETA
							on	to	
USA	Gulf	Louis P	S	15,780			22/11/2018	Brazil	28/11/2018
	Gulf	Bunga Allium	S	25,000			22/11/2018	ARA	12/12/2018
Brazil	Belem	MTM Santos	E		10,880	USA			
	Itaqui	Huemul	B		8,450	USA			
	Itaqui	BTS Selena	E		20,000	USA			28/11/2018
	Itaqui	Louis P	E		15,780	USA			28/11/2018
	Itaqui	Navig8 Almandine	E		3,950	USA			29/11/2018
	Itaqui	MTM Santos	E		6,080	USA			30/11/2018
	Itaqui	MTM Antwerp	E		15,875	USA			02/12/2018
	Itaqui	MTM Tortola	E		7,000	USA			04/12/2018
	Santos	Marie C	A	8,000					
	Santos	MTM Newport	E		30,024	USA			29/11/2018
	Santos	MTM Fairfield	S	16,548			22/11/2018	Singapore	25/12/2018
	Santos	SW Cap Ferrat I	S	27,200			05/11/2018	US WC	01/12/2018
	Suape	Navig8 Almandine	E		4,000	USA			07/12/2018
	Suape	BTS Selena	E		15,780	USA			08/12/2018
Suape	Louis P	E		8,875	USA			09/12/2018	
Nigeria	Lagos	Fairchem Katana	E		14,200	USA			26/11/2018
Pakistan	Karachi	CT Ace	B	7,100					
	Karachi	Stolt Lerk	S	11,000			25/11/2018	Arab Gulf	
	Karachi	Horin Trader	S	1,050			24/11/2018	Arab Gulf	
	Karachi	Oriental Freesia	S	4,000			18/11/2018	Med	
	Karachi	Caribbean	S	15,500			22/11/2018	Singapore	01/12/2018
Netherlands	Rotterdam	Chembulk New York	E		25,000	Paraguay			

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

Brazilian Market Comments

The ethanol market remained under pressure as Petrobras continued to lower gasoline prices. Hydrous ethanol lost BRL10 to BRL1,990-2,010 per cubic metre (exw; taxes included) while anhydrous grades were assessed BRL30-40 lower at BRL1,930-1,950.

Brazil - The slowing pace of production and high consumption has prompted ethanol stocks in the Centre/South (CS) to peak in mid-October, which was the earliest date ever recorded. Normally, the maximum inventory levels are being reached two to six weeks later.

As a result, stocks continued to drop during the first half of November when they reached 10.8 bln litres, down from 11.0 bln in late October, but up from 9.0 bln last year.

Supplies of hydrous ethanol in the CS remain 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 there reached 343 mln litres by mid-November against 354 mln 12 months earlier.

Brazil - Ethanol sales ex Centre/South (CS) in the first half of November 2018 rose by 15% on the year to 1.279 bln litres, data from sugar sector group Unica show. Ongoing competitiveness of hydrous grades against gasohol at the pump boosted sales by 31% to 902 mln litres, following a 34% increase in October and 36% in September.

US Market Comments

Ethanol futures have again come under downward pressure on high supplies. The front-month future fell to USD1.221 per gallon from USD1.276. This is not too far away from the all-time low of USD1.150 hit in May 2005. This is in contrast to RBOB gasoline and crude oil futures which have posted gains.

United States - The US Environmental Protection Agency (EPA) published its final rule on the 2019 Renewable Fuels Standard (RFS). The 2019 RFS targets a renewable fuel use of 19.920 bln gallons of fuel ethanol equivalent, revised up by 40 mln from EPA's proposal unveiled earlier this year. The target for advanced biofuels was raised by 40 mln gallons to 4.920 bln, mainly for the cellulosic biofuels section. The final rule on the 2019 RFS left 15.000 bln gallons for conventional biofuels, unchanged from the prior year.

United States - Fuel ethanol production in the week to November 23, 2018 averaged 1.048 mln barrels per day (bpd), reported the Energy Information Administration (EIA), up 6,000 on the week. Output fell on the year (1.066 mln bpd).

Imports were flat on the week at nil.

Refiner and blender net input was 924,000 bpd, down 4,000 on the week but slightly above last year's 922,000. Based on the amount of motor gasoline supplied, the blending share averaged around 10.1% vol., flat on the week (10.6% last year).

Stocks rose after a strong decline last week. Overall inventories reached around 22.9 mln barrels, up from a three-week low of 22.8 mln. A w/w decline on the East Coast (7.1 mln barrels vs 7.4 mln) was offset by higher stocks in the Midwest (7.6 mln vs 7.3 mln) and the Gulf (4.8 mln vs 4.6 mln).

Asian Market Comments

The **fuel alcohol** market in Asia is rather slow. The higher LMAs in the **Philippines** have resulted in lower interest in importing ethanol. At the same time the record low prices in the US suggest that supplies will remain plentiful for the time being in case the LMAs should not be met.

Additional export deals to **India** are currently under discussion as buyers find US prices very attractive. However, so far no new contracts have been announced.

The export business to **China** via countries such as Malaysia or Indonesia is expected to continue for the time being. Depending on the risk appetite US ethanol is either directly shipped to China after stopping at a port of an ASEAN country or product from ASEAN countries is added in small volumes to the cargo to make it 'eligible' for duty-free access.

Within ASEAN only Indonesia, Thailand or Vietnam have bigger ethanol industries but available volumes for this sort of blending business are very limited.

The **Grade B** market is also quiet with most consumers covered well into Q2. The bulk of the contracts were signed during the price dip in Brazil in August.

Pakistan - Ethanol exports in October 2018 showed a surprising jump after earlier market talk that the industry was sold out and that remaining volumes were held by traders. This has proved premature as last month's shipments suggest.

During the month, six tankers loaded ethanol at the port of Karachi: the Brillante (8,126 tonnes), the Bunga Lavender (16,710), the Ginga Leopard (1,995), the Chemroute Sun (15,215), the Bochem Ghent (5,540) and the Chemroad Sakura (5,768).

Most of the product exported in October went to China (22,000 tonnes), followed by the Philippines (17,000).

The overall volume in the latest month was 53,355 tonnes, against 30,000 in September and 37,200 in October 2017.

Cumulative exports so far in 2018 have reached 457,000 tonnes against 336,000 in the same period a year ago.

F.O. LICHT

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