F.O. LICHTS
World Ethanol Price Report

Vol. 14, No. 28 December 10, 2018

World - Ethanol prices for the week ended 7 December, 2018

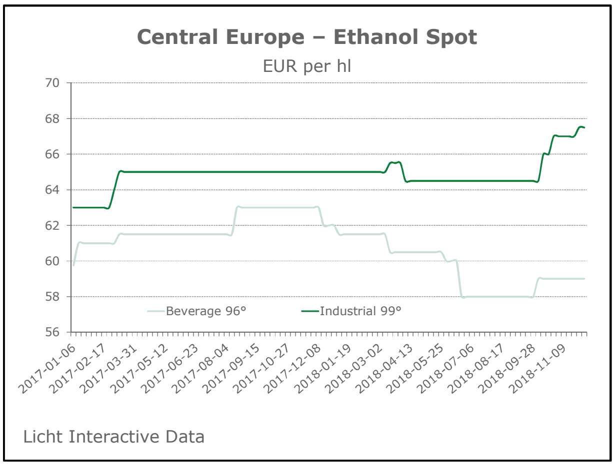
European Union (in EUR/hl pure alcohol, delivered at place, unless stated otherwise)

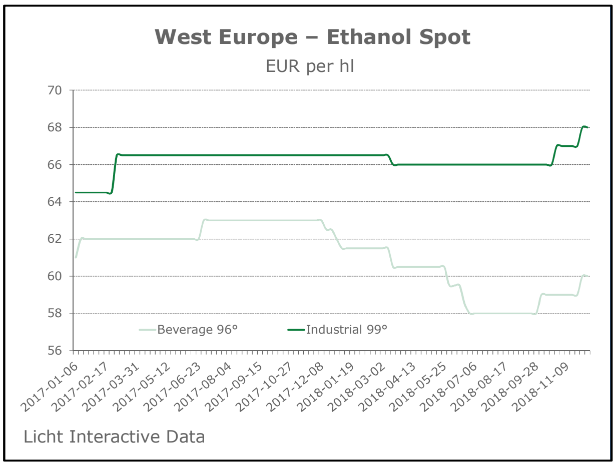
Fuel		Contract	Spot
Central	Current	**50-51**	**52-54**
	12 months ago (8 December, 2017)	47-49	48-49
North	Current	**50-51**	**no quote**
	12 months ago (8 December, 2017)	47-48	no quote
East	Current	**51-52**	**51-52**
	12 months ago (8 December, 2017)	47-49	48-50
		T1	T2
NW European ports fob	Current	**USD 40.5-41.5**	**62-63**
	12 months ago (8 December, 2017)	USD 42-43	46.5-47

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 (8 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)**	**66-69 (I)**
	12 months ago (8 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 (8 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)**	**no quote (I)**
	12 months ago (8 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 (8 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 (8 December, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 51-54 (REN) 57-58.5 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	**440-480**	**465-520**	**470-490**	
	Chicago	New York		
USA, Spot	**320-325**	**359-362**		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	**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 is now expected to last into 2019 as well. Reduced operating rates at a French producer are contributing to the general perception of a tightening market. Lower than expected sugar beet supplies mean that a number of producers have oversold and now scramble to find feedstock streams to produce sugar from. With sky-high prices for fuel alcohol there is a risk that traditional alcohol production may have to fight for fermentation substrates. Finally, there is the strong rise in logistics costs which are expected to add around EUR0.5 per hl for Q1 deliveries.

This is in contrast to talks about ENA volumes that are offered at very competitive prices from a western and a south-eastern supplier. Some suggest that that these are cut prices to gain access to the market and that these would not be representative of the situation as a whole.

The **fuel** alcohol market continues to rally amid tight nearby supplies. As result the Dec/Jan spread ballooned to EUR100 from EUR20-30 last week. December gained up to EUR70 to EUR635-645 per cube, January was up EUR15 at EUR535-540, while February was between EUR520 and EUR535.

Freight sources told F.O. Licht that there were a couple of fixtures for ethanol ex US Gulf. A 30,000 tonne cargo was fixed for India for an USD1.6 mln lump sum payment. Additionally, 3,500 tonnes were fixed for Rio de Janeiro/Brazil in the high USD60s per tonne on the vessel Stolt Vanguard. Both cargoes were for early/mid-December loading. Moreover, there was an enquiry for 11,500 tonnes for northern Brazil for early December. On the EU market, a 3,800 tonne ETBE cargo was fixed for ARA/northern France on a Gefo vessel for late November. Shipping interest was reported for around 5 mln litres of ethanol from La Coruna to Tarragona for late November. For early December, enquiries were reported for around 3 mln litres of ethanol for Lillebonne/La Pallice, both France, and for up to 9,000 tonnes from ARA to the Thames (United Kingdom). Moreover, there was one for a 12,000 tonne biodiesel/ethanol cargo for ARA/Sweden for early December.

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Europe - Fuel Ethanol Prices, fob Rotterdam

		T1				T2				T1-T2 Spread	Import duties*
Year	Month	USD/m^3	USD/tonne	EUR/m^3	EUR/tonne	EUR/m^3	EUR/tonne	USD/m^3	USD/tonne	EUR/m^3	
2017	6	483	574	431	512	574	728	643	815	-143	143
	7	481	574	418	498	571	724	658	834	-153	142
	8	490	621	416	527	550	697	648	821	-134	142
	9	477	605	400	507	530	672	631	800	-130	140
	10	453	574	385	488	461	584	542	687	-76	139
	11	455	577	387	491	468	593	550	697	-81	139
	12	422	535	357	452	472	598	559	708	-115	136
2018	1	433	549	356	451	474	601	577	731	-118	136
	2	463	587	375	475	461	584	570	722	-86	138
	3	468	593	379	481	457	579	564	714	-78	138
	4	464	588	377	478	444	563	546	692	-67	138
	5	466	591	394	500	448	567	529	671	-53	139
	6	459	581	392	497	474	600	554	702	-81	139
	7	456	578	390	495	474	601	554	702	-84	139
	8	431	546	374	474	502	636	578	733	-128	138
	9	419	531	359	456	495	627	577	731	-136	136
	10	426	540	374	474	485	615	552	700	-111	138
	11	421	534	369	468	530	672	604	766	-161	137

*) for US product

World Ethanol - Port Statistics (tonnes) - week beginning Dec 10, 2018

Country	Port	Ship Name	Status	L	D	Origin	Sailing on	Sailing to	ETA
USA	Gulf	Stolt Vanguard	E	3,500				Brazil	
	Gulf	Bunga Allium	S	25,000			22/11/2018	ARA	12/12/2018
Brazil	Aratu	Louis P	E		10,750	USA			13/12/2018
	Aratu	Moyra**	S	6,000			09/12/2018		
	Itaqui	MTM Tortola	E		7,000	USA			10/12/2018
	Santos	Otto H	E		23,315	USA			21/12/2018
	Santos	MTM Newport	B		30,024	USA			29/11/2018
	Santos	Marie C	S	8,000			10/12/2018	USA	31/12/2018
	Santos	MTM Fairfield	S	16,548			22/11/2018	Singapore	25/12/2018
	Suape	MTM Antwerp	E		5,200	USA			10/12/2018
	Suape	Louis P	E		8,875	USA			10/12/2018
Guatemala	Quetzal	Lilly PG	E						15/12/2018
Nigeria	Lagos	Nordic Lynx	E		10,800	USA			06/12/2018
Pakistan	Karachi	CT Confidence	B	11,900					
	Karachi	CT Ace	S	7,100			30/11/2018	Singapore	
	Karachi	Stolt Lerk	S	11,000			25/11/2018	Med	
	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	China	10/12/2018
Netherlands	Rotterdam	Chembulk New York	E		25,000	Paraguay			20/12/2018
Sweden	Norrköping	Lillo Swan	E	5,000				Rotterdam	07/12/2018
	Norrköping	Boyne	E	3,000				Gävle	07/12/2018

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

Brazilian Market Comments

The ethanol market started to recover in the latest period after several weeks of losses. With ethanol sales continuing at a record pace and the harvest almost finished there are expectations that prices will have to rise in order to ration demand during the long inter-crop period. At the time price rises will be effectively capped by abundant US ethanol supplies which are available at attractive prices.

Hydrous ethanol gained BRL50-70 to BRL2,040-2,080 per cubic metre (exw; taxes included) while anhydrous grades were assessed BRL50-80 higher at BRL1,980-2,030.

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Brazil - Ethanol imports in November 2018 continued their rebound, reaching 139.4 mln litres, a four-month high, up from 47.7 mln in October, trade data show.

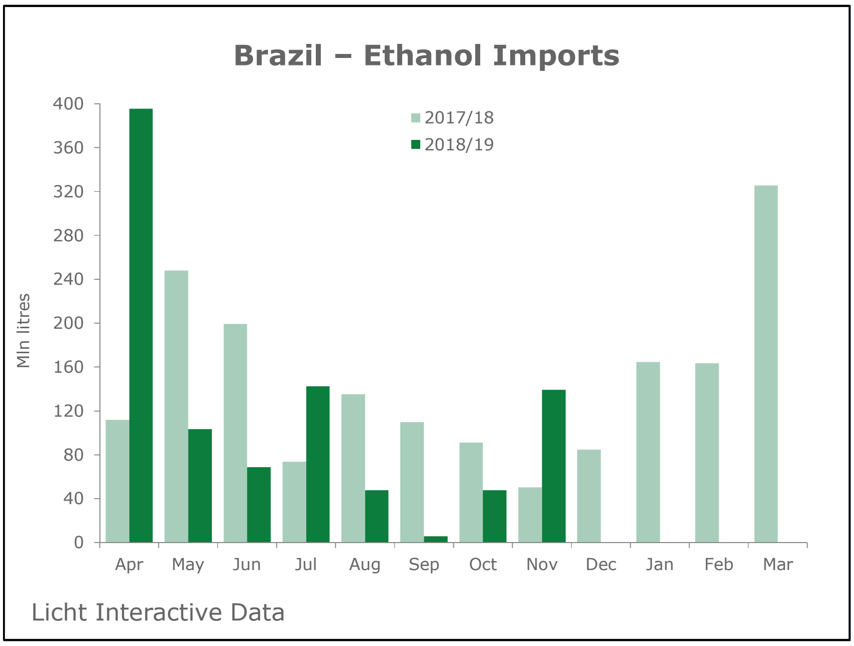
Moreover, there was sharp y/y growth from 50.3 mln litres. This brought imports in the Apr/Mar current cycle to 947.2 mln litres, down from 1,019.9 mln last year. Virtually the entire import volume in 2018/19 and 2017/18 came from the United States.

Exports in November slowed to around 148.6 mln litres, a five-month low, against a strong 279.4 mln in October and 134.7 mln last year. There were lower shipments to the US (95.6 mln litres vs 128.8 in October) and to South Korea (39.2 mln vs 105.6 mln).

This brought exports so far in 2018/19 to 1,328 mln litres, up from 1,141 mln in the same period a year ago. The main destinations were the US (723.1 mln litres vs 753.6 mln) and South Korea (435.7 mln vs 274.5 mln). Exports to Japan rose to 83.4 mln litres from 47.0 mln, those to Colombia to 17.5 mln from 4.6 mln. Shipments to the European fell to 30.7 mln litres from 40.7 mln.

In 2017/18, 1,456 mln litres of ethanol were exported, while 1,758 mln came in.

The data exclude trade in blends and products.



US Market Comments

Ethanol futures remain under pressure as the market remains in oversupply. The slide in world crude oil prices again did not prove to be helpful either. Traders expect further losses in the days ahead.

The front-month future (January) fell to USD1.238 per gallon from USD1.253.

United States - Fuel ethanol production in the week to November 30, 2018 averaged 1.069 mln barrels per day (bpd), reported the Energy Information Administration (EIA), up 21,000 on the week, but down 20,000 on the year.

This was despite negative margins and rising stock levels.

Imports were nil for the third week in a row.

Refiner and blender net input was 896,000 bpd, down 28,000 on the week but slightly above last year's 885,000. Based on the amount of motor gasoline supplied, the blending share averaged around 10.08% vol., flat on the week (10.6% last year).

Stocks rose for the second consecutive week. Overall inventories reached around 23.0 mln barrels, up from 22.9 mln. Inventories decline marginally on the East Coast and Gulf Coast, while they rose by 120,000 barrels in the Midwest (7.7 mln vs 7.6 mln).

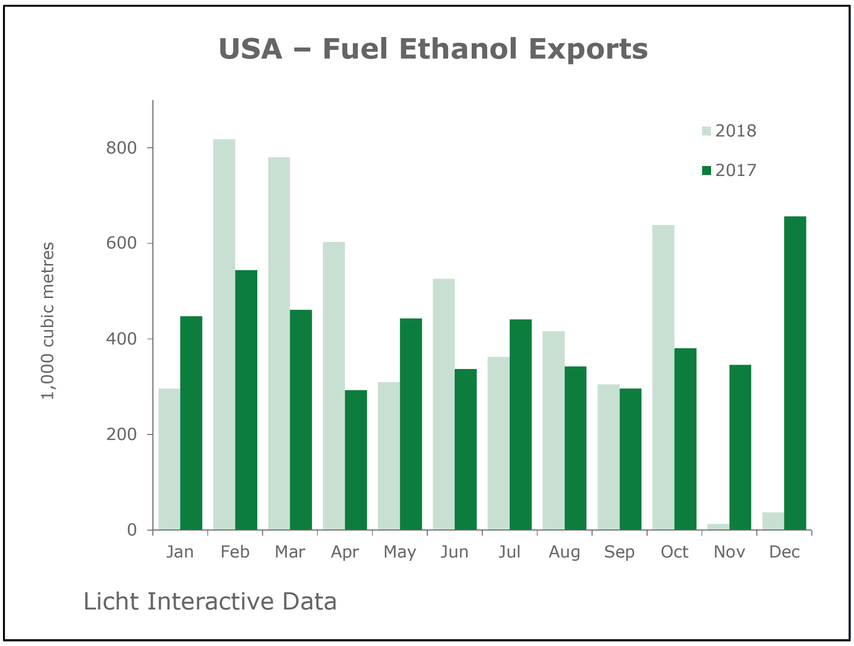
United States - Fuel ethanol exports surged by more than 100% on the month reaching 648 mln litres in October 2018, official data show.

This was the highest level in exports this year since March when 780 mln litres were shipped overseas. This brought cumulative exports so far in 2018 to 5.053 bln litres against 3.983 bln in 2017.

The major country of destination was Brazil receiving 206 mln litres against 202 mln in September and 468 mln in October 2017. No.2 was India with 110 mln litres, the highest volume ever recorded for this country. This brought cumulative exports to this country to 421 mln litres against 561 mln in the same period a year ago. The sharp price decline on the US market in recent weeks is likely to keep exports to this destination at a high level.

Canada fell to No. 3 importing 107 mln litres against 116 mln in September and 125 mln in October 2017.

Exports to the Arab Gulf are rose to over 300 mln litres against 140 mln last year.



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