F.O. LICHTS

World Ethanol Price Report

Vol. 14, No. 33 January 28, 2019

World - Ethanol prices for the week ended 25 January, 2019

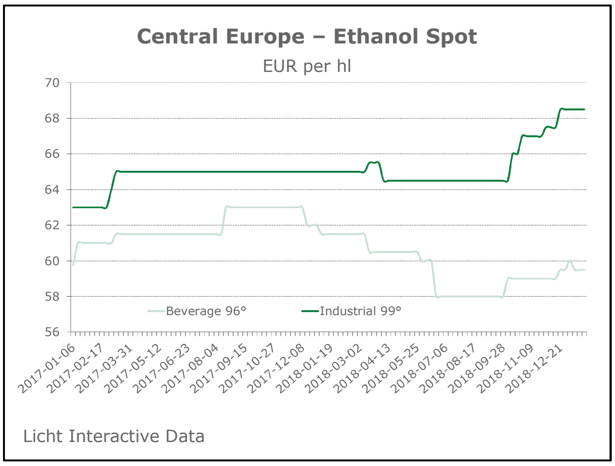
European Union (in EUR/hl pure alcohol, delivered at place, unless stated otherwise)

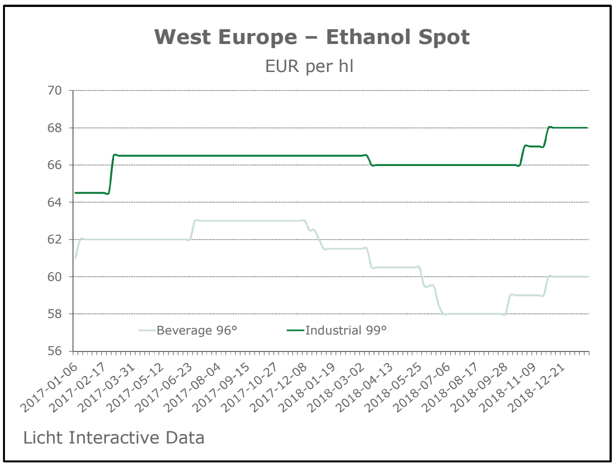
Fuel		Contract	Spot
Central	**Current**	**50-51**	**52-54**
	12 months ago (26 January, 2018)	47-49	47-49
North	**Current**	**50-51**	**no quote**
	12 months ago (26 January, 2018)	47-48	no quote
East	**Current**	**51-52**	**51-52**
	12 months ago (26 January, 2018)	49-51	49-51
		T1	T2
NW European ports fob	**Current**	**USD 40-41**	**57.5-58**
	12 months ago (26 January, 2018)	USD 43.5-44.5	46.5-47.5

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	**Current**	**60-61 (I)** **55-57 (REN)** **59-61 (B)**	**66-70 (I)**	**60-61 (I)** **55-57 (REN)** **59-61 (B)**	**66-70 (I)**
	12 months ago (26 January, 2018)	61-62 (I) 54-56 (REN) 61-63 (B)	66-67 (I)	60-61 (I) 54-55 (REN) 60-63 (B)	66-67 (I)
Central	**Current**	**59-61 (I)** **56-58 (REN)** **59-60 (B)**	**67-70 (I)**	**59-61 (I)** **56-58 (REN)** **59-60 (B)**	**67-70 (I)**
	12 months ago (26 January, 2018)	60-62 (I) 54-56 (REN) 60-63 (B)	64-66 (I)	60-62 (I) 54-55 (REN) 60-63 (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 (26 January, 2018)	61-63 (I) 61-63 (B)	68-70 (I)	61-62 (I) 61-63 (B)	68-70 (I)
North	**Current**	**60-62 (I)**	**66-69 (I)**	**no quote (I)**	**no quote (I)**
	12 months ago (26 January, 2018)	60-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	**Current**	**60-63 (I)** **60-63 (B)** **no quote (P)**	**64-66 (I)**	**60-63 (I)** **60-63 (B)** **no quote (P)**	**no quote (I)**
	12 months ago (26 January, 2018)	61-64 (I) 61-65 (B) no quote (P)	64-65 (I)	61-64 (I) 62-66 (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)** **no quote (REN)** **no quote (surfin)**	
	12 months ago (26 January, 2018)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 51-53 (REN) 56-57.5 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	445-470	455-510	455-575	
	Chicago	New York		
USA, Spot	no quote	no quote		
	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

Fuel suppliers reported an ongoing backwardation on the ARA market with prompt deliveries standing at EUR575-580 per m³, around EUR20 over February and EUR30-35 over March. The backwardation translated into strong crush spreads in recent days for prompt but at best weak ones for later in Q1. Meanwhile, the brighter picture on the spot market sharply changed on higher grain values and weaker ethanol prices. The March milling wheat contract in Paris climbed on Thursday to a two-week top of EUR207.00 per tonne on export hopes but failed to breach resistance at the level.

Freight sources told F.O. Licht that a 30,000 tonne ethanol cargo was fixed for US Atlantic Gulf Coast/Persian Gulf on the vessel Gulf Mirdif in the mid-USD40s per tonne for early January. There was shipping interest for up to 7,000 tonnes from Pakistan to the western Med for mid-February. From the EU market, shipping interest for roughly 6 mln litres of ethanol was reported for northern France/United Kingdom for late January.

Brazilian Market Comments

The ethanol market was weaker against the prior week. Asking prices for hydrous grades were down BRL20-30 at BRL1,950-1,960 per cubic metre (exw; taxes included), while anhydrous ethanol was down around BRL50 at BRL1,900-1,930.

Brazil - Fuel ethanol sales in the Centre/South (CS)continue at historically large volumes, despite recent price declines for its competitor gasoline, and the biofuel is expected to remain competitive in the between-harvests period through April, sector group Unica said.

Mills in the CS sold 866.8 mln litres of hydrous ethanol on the local market in the first two weeks of the year, 32% more than seen in the same period a year earlier. The increase follows a 25% growth to 1.791 bln litres in December 2018.

Petrobras has been reducing gasoline prices at refineries in recent weeks following lower international oil prices and the strengthening of the Brazilian currency. That movement tends to squeeze profit margins for ethanol. But Unica said mills have been able to continue to sell large volumes. "Ethanol has held a share of around 30% of the market for light vehicles' fuel in the last months," Unica's Director Antonio de Padua Rodrigues said, adding that he sees the biofuel remaining competitive against gasoline during the entire between-harvests period from now to April.

Sugar market players are watching the situation in Brazil's fuel market for signs of possible shifts in the production mix in the new crop that starts in April. If ethanol loses its price edge against gasoline, demand will fall and mills might divert more cane to sugar production instead of ethanol in the new crop.

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Brazil: CS Ethanol Sales (mln litres; Apr/Mar season)							
	H1 Jan 2019	**H1 Jan 2018**	**Change y/y in %**	**Cumulative 2018/19**	**Cumulative 2017/18**	**Change y/y in %**	**2017/18**
Domestic market	**1,192**	**1,021**	**17**	**23,051**	**19,764**	**17**	**25,400**
Anhydrous	326	365	-11	6,516	7,543	-14	9,527
Hydrous	867	656	32	16,535	12,221	35	15,873
Export	**66**	**21**	**214**	**1,291**	**1,282**	**1**	**1,511**
Anhydrous	21	21	0	728	898	-19	1,099
Hydrous	45	0	0	564	385	46	412
Total	**1,258**	**1,042**	**21**	**24,342**	**21,046**	**16**	**26,911**
Anhydrous	347	385	-10	7,244	8,440	-14	10,626
Hydrous	912	657	39	17,099	12,606	36	16,286
Imports are excluded. Source: Unica							

US Market Comments

Ethanol future prices in Chicago settled down on the weak, following gasoline and corn values lower. The February ethanol contract settled at USD1.274 per gallon, down from USD1.279. The ethanol discount to gasoline fell to 11.53¢ per gallon from 17.38¢.

United States - Fuel ethanol production in the week to January 18, 2019 averaged 1.031 mln barrels per day (bpd), reported the Energy Information Administration (EIA), below 1.051 mln in the prior week and 1.062 mln in the same week a year ago.

Imports were nil for the 10th week in a row.

Refiner and blender net input remained up on the year and stood at 883,000 bpd, above 862,000 in the preceding week and last year's 826,000. Based on the amount of motor gasoline supplied, the blending share averaged around 10.0% vol., up on the week (10.1%) and on the year (9.5%).

Stocks continued to rise the week, reaching 23.5 mln barrels, a five-week high, against 23.4 mln previously. A w/w rebound on the East Coast (7.5 mln barrels vs 7.3 mln) and higher inventory levels on in the Midwest (8.2 mln vs 8.0 mln) more than offset declines in the Gulf and the West Coast.

Asian Market Comments

A decline in China's import duty on US ethanol to 30% from 70% would revive trading, local sources stated. Local exw prices translate into USD580-590 per cube with offers starting in the USD640s. Bids for fuel grades in northern China were higher (roughly USD620). Some concern in the market stems from a lack of molasses supplies in Pakistan.

Singapore - Ethanol imports in Jan/Dec 2018 amounted to around 86.0 mln litres, trade data show, a six-year low, down from 93.7 mln in 2017. The main origin was the United States (44.1 mln litres 62.5 mln), followed by South Africa (21.4 mln vs 24.6 mln) and South Korea (15.5 mln vs nil). Imports from Pakistan rose to 3.7 mln litres from 2.5 mln.

Exports were up marginally on the year at 10.9 mln litres. The main destination was Thailand (6.2 mln litres vs 7.1 mln).

Thailand - Ethanol imports in Jan/Dec 2018 totalled 21.8 mln litres, a three-year low, down from 24.3 mln in 2017. The main origins were South Africa (6.3 mln litres vs. 7.6 mln), Vietnam (5.6 mln vs. 9.1 mln) and Pakistan (4.3 mln vs. 4.2 mln).

Exports rose to 20.4 mln litres from 19.8 mln. The main destination was the Philippines (20.0 mln litres vs. 19.1 mln).

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