F.O. LICHTS

World Ethanol Price Report

Vol. 14, No. 4 June 25, 2018

World - Ethanol prices for the week ended 22 June, 2018

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

Fuel		Contract	Spot
Central	**Current**	**47-48**	**47-48**
	12 months ago (23 June, 2017)	55-57	55-57
North	**Current**	**47-48**	**no quote**
	12 months ago (23 June, 2017)	55-56	no quote
East	**Current**	**47-48**	**47-48**
	12 months ago (23 June, 2017)	55-57	56-57
		T1	T2
NW European ports fob	**Current**	**USD 44-45**	**47-47.5**
	12 months ago (23 June, 2017)	USD 46.5-47.5	57-59.5

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	**Current**	**58-61 (I)** **53-56 (REN)** **57-60 (B)**	**63-66 (I)**	**58-60 (I)** **53-55 (REN)** **57-60 (B)**	**65-67 (I)**
	12 months ago (23 June, 2017)	61-62 (I) 58-60 (REN) 61-63 (B)	66-67 (I)	61-63 (I) 58-60 (REN) 61-63 (B)	66-67 (I)
Central	**Current**	**58-60 (I)** **53-56 (REN)** **57-59 (B)**	**63-66 (I)**	**58-60 (I)** **53-55 (REN)** **57-59 (B)**	**63-66 (I)**
	12 months ago (23 June, 2017)	61-63 (I) 58-60 (REN) 60-63 (B)	64-66 (I)	61-63 (I) 58-60 (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 (23 June, 2017)	61-63 (I) 61-63 (B)	68-70 (I)	61-63 (I) 61-63 (B)	68-70 (I)
North	**Current**	**60-62 (I)**	**64-67 (I)**	**no quote (I)**	**no quote (I)**
	12 months ago (23 June, 2017)	59-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	**Current**	**60-63 (I)** **58-60 (B)** **no quote (P)**	**64-65 (I)**	**60-63 (I)** **58-60 (B)** **no quote (P)**	**64-65 (I)**
	12 months ago (23 June, 2017)	60-64 (I) 60-62 (B) no quote (P)	64-66 (I)	60-64 (I) 59-62 (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)** **51-53 (REN)** **56-57.5 (surfin)**	
	12 months ago (23 June, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) no quote (REN) 59-61 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	**435-465**	**485-530**	**455-480**	
	Chicago	New York		
USA, Spot	**370-375**	**402-407**		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	**730-750**		**670-680**	**620-630**

B: beverage; I: industrial; P: pharmaceutical; REN: rectifié extra neutre; ENA: extra neutral alcohol; EPA: Environmental Protection Agency

European Market Comment

Negotiations in the traditional sector for Q3 are ongoing with about 50-60% of the contracts having been closed. The trend of the recent weeks as to the direction of the discussions was confirmed. So far, some (mostly smaller) contracts were rolled over, while larger accounts managed to negotiate discounts. These price decreases were bigger in cases where consumers accepted half-yearly contracts as compared to the normal quarterly ones. Sugar ethanol as well as starch waste ethanol producers were identified to have placed very competitive offers in the market.

The outlook for the next six to twelve months is for a relative stability. There is little to suggest that extra downward pressure will emerge from the feedstock markets. At the same time upside potential seems limited, if it exists at all.

The fuel alcohol market was stable with June/August delivery months between EUR470 and EUR475 per cubic metre.

World Ethanol - Port Statistics (tonnes) - week beginning June 25, 2018

Country	Port	Ship Name	Status	L	D	Origin	Sailing on	Sailing to	ETA
Brazil	Aratu	Taruca	A		6,327	Santos			
	Itaqui	MTM Kobe	B		3,951	Santos			
	Maceio	Taruca	E		10,000	Santos			
	Maceio	Flumar Maceió	E		10,000	Santos			
	Maceio	Bunga Angelica	E						
	Paranagua	Southern Puma	E	4,000					
	Paranagua	Bow Riyad	E		2,710				
	Santos	Shamrock Mercury	E	2,570					
	Santos	Chemway Lara	E		5,000				
	Santos	Halcon Trader	S	16,000			12/06/2018	USA	28/06/2018
	Santos	MTM London	S	16,590			30/05/2018	Singapore	26/06/2018
	Suape	Flumar Maceió	E	7,100		Santos			
	Suape	MTM New Orleans	E	11,050		USA			25/06/2018
	Suape	MT Reinhold Schulte	E	20,000		USA			27/06/2018
Costa Rica	Punta Morales	MTM Santos	S	15,500			08/06/2018	China	07/07/2018
Guatemala	Quetzal	TRF Kashima	E	8,000					
	Quetzal	Jo Spirit	S	6,000			14/06/2018	Puerto Rico	22/06/2018
	Quetzal	Fairchem Steed	S	14,400			13/06/2018	Korea	09/07/2018
Pakistan	Karachi	Octaden	B	9,900					
	Karachi	Taihua Glory	S	3,060			14/06/2018	China	01/07/2018
	Karachi	Everrich 1	S	1,100			14/06/2018	UAE	
	Karachi	Houyoshi Park	S	6,820			11/06/2018	Med	
	Karachi	Bw Mia	S	17,500			09/06/2018	Philippines	25/06/2018
	Karachi	Chemway Arrow	S	10,700			31/05/2018	Korea	03/07/2018
	Karachi	Chemroute Sun	S	5,000			31/05/2018	China	18/06/2018
	Karachi	Normanna	S	4,700			29/05/2018	Italy	
	Karachi	Stolt Calluna	S	4,000			24/05/2018	ARA	
France	Dunkirk	Atlantis Armona	E		3,000	France			26/06/2018
Germany	Rostock	Aland	E	4,500				Sweden	
	Rostock	Finja	E	3,000				Hamburg	
Sweden	Norrköping	Nautilus	S	4,500			16/06/2018	Germany	19/06/2018

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

Brazilian Market Comment

The market traded lower in the latest week as the industry has now come back to normal after the crippling truckers' strike. As supplies mills seek to maintain cash-flow which is putting prices under downward pressure.

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Hydrous ethanol was offered at BRL1,950-1,980 per cubic metre (exw; taxes included), down BRL120-130 on the week. Offers for anhydrous grades were also at BRL1,950-1,980, a loss of BRL70-80.

Exports have slowed down because of the difficult logistics, but the weak real may act as a strong incentive to fix additional volumes.

Brazil - After a break of a couple of weeks a couple of ethanol tankers are now again on their way from the US to the North/Northeast (NNE).

The MTM New Orleans is carrying 11,000 tonnes of ethanol while the MT Reinhold Schulte will bring in another 20,000. Both vessels are scheduled to arrive in the port of Suape at the end of June.

Shipments from the US to Brazil were interrupted for a short period of time as ethanol supplies in the Centre/South improved with the start of the new season. As a result most of the shipping line-up consisted of vessels carrying product from Santos port to the deficit areas in the NNE.

It can be expected that there will be steady flow of US ethanol to Brazil despite the fact that the Centre/South is approaching its peak production period.

Prices in the NNE are still high and the trade row between China and the US has prompted corn ethanol prices to fall.

This has to a large extent compensated for the depreciation of the real against the US-Dollar.

US Market Comment

Ethanol future prices in Chicago dipped below USD1.40 per gallon on news of new import tariffs in China but recovered some of the losses by the end of the week. In the end the spot month July contract closed at USD1.418 a gallon against USD1.447 a week earlier.

On the **spot** market in the Chicago area prices were assessed at around USD1.37-1.38 a gallon.

United States - Fuel ethanol production in the week to June 15, 2018 averaged 1.064 barrels per day (bpd), up 11,000 on the week and the highest for 17 weeks, the most recent data from the Energy Information Administration (EIA) show. Output remained up sharply on the year (990,000 bpd).

Imports were nil for the 28th consecutive week.

Refiner and blender net input averaged 935,000 bpd, down from 947,000 in the prior week and 943,000 last year. Based on the amount of motor gasoline supplied, the average planning ratio rose to 10.0 vol. % from 9.6% each.

Stocks fell on the week to 21.6 mln barrels from 22.2 mln, hitting a three-week low. The EIA data show that an increase in the Midwest to 7.7 barrels from 7.3 mln was offset by declining stocks elsewhere. Inventory levels on the West Coast hit with 2.2 mln barrels (down from 2.4 mln), their lowest level since late October 2015.

United States - The US Environmental Protection Agency (EPA) will propose setting a 19.880-bln-gallon Renewable Fuels Standard (RFS) in 2019, up about 3% from 19.290 bln for 2018, Reuters cited two sources briefed on the matter as saying.

The proposal will reportedly include 15.000 bln gallons for conventional biofuels, mainly corn-based ethanol, unchanged from this year, and 4.880 bln for advanced biofuels, up from 4.290 bln from this year, the sources said, asking not to be named. These data all refer to gallons in fuel ethanol equivalent.

The 2019 biomass-based diesel mandate (2.100 bln gallons) was already fixed last year. The proposal for 2020 reportedly is for a 2.430 bln gallon mandate. The RFS targets for biomass-based diesel are on a volumetric basis.

The proposal is not expected to include any proposed reallocation of biofuels volumes waived under the EPA's smaller refinery hardship waiver program, the sources said. EPA Administrator Scott

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Pruitt was set to announce plans to force larger refineries to make up for gallons exempted at smaller plants, but the proposal was thwarted by an outcry from the oil industry.

Recently, it was reported that the EPA will announce its proposal on Friday, June 22. Meanwhile, it was said that the agency is delaying as it re-examines plans over the proposed reallocation of RFS volumes.

The EPA is required to set targets for blending volumes by November 30 for the following year.

Asian Market Comment

South Korea - Ethanol imports in May 2018 amounted to around 36.1 mln litres, against 37.8 mln in April and marginally below last year, trade data show, of which 21.9 mln came from the United States.

Imports in Jan/May 2018 totalled 171.3 mln litres, up from 139.5 mln one year earlier. Shipments from the US, the main origin, rose y/y to 84.0 mln litres from 50.3 mln, raising their share in total imports to 49% from 36%.

Other key origins so far in 2018 were Australia (33.9 mln litres vs. 34.4 mln), with the share falling to 20% from 25%, and Pakistan (28.3 mln vs. 14.8 mln). At the same time, imports from Cambodia jumped to 16.3 mln litres from 4.4 mln, while there were no arrivals from Guatemala, after 12.3 mln one year ago. There also were lower imports from Brazil (1.6 mln litres vs 6.1 mln). Jan/May imports hit a historical high for that time of the year.

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

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