F.O. LICHTS

World Ethanol Price Report

Vol. 14, No. 5 July 2, 2018

World - Ethanol prices for the week ended 29 June, 2018

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

Fuel		Contract	Spot
Central	**Current**	**48-49**	**48-49**
	12 months ago (30 June, 2017)	55-57	55-57
North	**Current**	**48-49**	**no quote**
	12 months ago (30 June, 2017)	55-56	no quote
East	**Current**	**48-50**	**48-50**
	12 months ago (30 June, 2017)	55-57	56-57
		T1	T2
NW European ports fob	**Current**	**USD 45-46**	**47-47.5**
	12 months ago (30 June, 2017)	USD 47-48	56.5-57.5

Non-Fuel		Contract 96°	Contract 99°	Spot 96°	Spot 99°
West	**Current**	**58-61 (I)** **53-55 (REN)** **57-59 (B)**	**63-66 (I)**	**58-60 (I)** **53-55 (REN)** **57-59 (B)**	**65-67 (I)**
	12 months ago (30 June, 2017)	61-62 (I) 58-60 (REN) 62-64 (B)	66-67 (I)	61-63 (I) 58-60 (REN) 62-64 (B)	66-67 (I)
Central	**Current**	**58-60 (I)** **53-55 (REN)** **57-59 (B)**	**63-66 (I)**	**58-60 (I)** **53-55 (REN)** **57-59 (B)**	**63-66 (I)**
	12 months ago (30 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 (30 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 (30 June, 2017)	60-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	**Current**	**60-63 (I)** **57-59 (B)** **no quote (P)**	**64-65 (I)**	**60-63 (I)** **55-57 (B)** **no quote (P)**	**64-65 (I)**
	12 months ago (30 June, 2017)	60-64 (I) 60-62 (B) no quote (P)	64-66 (I)	60-64 (I) 60-62 (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 (surfin)**	
	12 months ago (30 June, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 57-58.5 (REN) 59-61 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	**435-445**	**485-505**	**425-445**	
	Chicago	New York		
USA, Spot	**378-380**	**407-415**		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	**720-740**		**680-700**	**620-630**

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

European Market Comments

Negotiations in the **traditional** sector for Q3 are ongoing with about 70-80% 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 of EUR1-2 per hl. 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 waste starch ethanol producers were identified to have placed very competitive offers in the market.

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

World Ethanol - Port Statistics (tonnes) - week beginning July 2, 2018									
							Sailing		
Country	Port	Ship Name	Status	L	D	Origin	on	to	ETA
Brazil	Aratu	MTM Amsterdam	E		17,600	USA			
	Maceio	Bunga Angelica	E		10,000	USA			10/07/2018
	Paranagua	Marie C	E	21,000				USA	
	Santos	MTM New Orleans	E	19,600					
	Santos	Shamrock Mercury	S	2,570					
	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	B	20,000		USA			27/06/2018
	Suape	Bunga Angelica	E	11,050		USA			
Costa Rica	Punta Morales	MTM Santos	S	15,500			08/06/2018	China	07/07/2018
Guatemala	Quetzal	TRF Kashima	E	8,000					06/07/2018
	Quetzal	Fairchem Steed	S	14,400			13/06/2018	Korea	09/07/2018
Pakistan	Karachi	Octaden	S	9,900					
	Karachi	Taihua Glory	S	3,060			14/06/2018	China	01/07/2018
	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	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
Sweden	Norrköping	Triple A	E	4,500				ARA	
***only customs clearing, **ETBE; A: Anchored; B: Berthed; E: Expected; S: Sailed; L: Load; D: Discharge**									

ISSN: 1759-1414

Europe - Fuel Ethanol Prices, fob Rotterdam

		T1				T2				T1-T2 Spread
Year	Month	USD/m³	USD/tonne	EUR/m³	EUR/tonne	EUR/m³	EUR/tonne	USD/m³	USD/tonne	EUR/m³
2017	1	479	607	451	571	594	753	631	800	-143
	2	484	613	454	576	636	806	677	858	-181
	3	483	612	453	574	599	759	639	810	-146
	4	509	645	475	602	544	689	583	739	-69
	5	475	586	430	531	586	743	648	821	-156
	6	483	574	431	512	574	728	643	815	-143
	7	481	574	418	498	571	724	658	834	-153
	8	490	621	416	527	550	697	648	821	-134
	9	477	605	400	507	530	672	631	800	-130
	10	453	574	385	488	461	584	542	687	-76
	11	455	577	387	491	468	593	550	697	-81
	12	422	535	357	452	472	598	559	708	-115
2018	1	433	549	356	451	474	601	577	731	-118
	2	463	587	375	475	461	584	570	722	-86
	3	468	593	379	481	457	579	564	714	-78
	4	464	588	377	478	444	563	546	692	-67
	5	466	591	394	500	448	567	529	671	-53
	6	459	581	392	497	474	600	554	702	-81

European Market Fundamentals

United Kingdom - Fuel ethanol consumption in Jan/Mar 2018 totalled 177 mln litres, down 4% on the year and the lowest since 2011, HM Custom data show.

There were significant y/y declines in Feb/Mar. The average Q1 blending share rose marginally to 4.6% vol., while gasoline use was down 4.0%.

Fuel ethanol consumption in Jan/Dec 2017 was 753 mln litres, with the blending share reaching 4.5%.

HM Custom reported a biodiesel share in diesel of 3.0% for Q1 (2.3% in 2017), so the total biofuels share in road transport fuel consumption was 3.6% (2017: 3.1%). However, it can be assumed that virtually all biodiesel used falls below the double counting provisions under the Renewable Transport Fuel Obligation (RTFO) which rose to 7.25% from 4.75% on April 15, so the HM Custom data point to blending levels above the current RTFO target. This also means that part of the expected growth in biofuels demand under the 2018/19 RTFO has likely been brought forward, but this mainly benefits biodiesel, while fuel ethanol blending remains below its technical potential. True, there were the declines in the spread over gasoline values, but when double counting, used cooking oil and tallow methyl ester were more competitive options to meet the RTFO than fuel ethanol in Q1.

By volume, biodiesel covered 55% of the Q1 biofuels demand (only fuel ethanol and biodiesel), up from 42% last year (2017: 48%).

Brazilian Market Comments

The market traded lower in the latest week as supplies are plentiful as mills are forced to sell to meet end-of-the-month payment obligations. However, the fall in prices has slowed down as consumption has risen to record levels while the firmer crude oil market is sending bullish signals.

Hydrous ethanol was offered at BRL1,870-1,890 per cubic metre (exw; taxes included), down BRL80-90 on the week. Offers for anhydrous grades fell to BRL1,880-1,900, a loss of BRL70-80.

Exports have slowed down while imports are picking up because of the low ethanol supplies in the North/Northeast.

Brazil - Ethanol sales ex Centre/South (CS) for the local market in the first fortnight of June rose by 48% on the year to 1.411 bln litres, a record level, sugar industry group Unica reported.

ISSN: 1759-1414

Sales of hydrous grades were up 66% at 907 mln litres. Sales of anhydrous ethanol also rose. The increases followed y/y declines in May which can be attributed to the trucker protests.

So far in the current Apr/Mar sugar cycle, 5.348 bln litres were sold, up 9% y/y, with growth in sales of hydrous grades for the local market offsetting lower demand from exports and for anhydrous grades on the domestic market.

Brazil: CS Ethanol Sales (mln litres; Apr/Mar season)

	H1 Jun 2018	H1 Jun 2017	Change y/y in %	Cumulative 2018/19	Cumulative 2017/18	Change y/y in %	2017/18
Domestic market	1,411	952	48	5,158	4,580	13	25,400
Anhydrous	504	408	24	1,595	1,908	-16	9,527
Hydrous	907	545	66	3,563	2,672	33	15,873
Export	30	70	-57	190	304	-38	1,511
Anhydrous	24	68	-65	116	253	-54	1,099
Hydrous	6	3	100	74	51	45	412
Total	1,441	1,023	41	5,348	4,885	9	26,911
Anhydrous	528	475	11	1,711	2,161	-21	10,626
Hydrous	913	547	67	3,637	2,724	34	16,286

Imports are excluded.
Source: Unica

Brazil - Ethanol stocks in the NNE have dropped to multi-year lows in the North/Northeast of the country as the 2017/18 crop in this part of the country wraps up quickly.

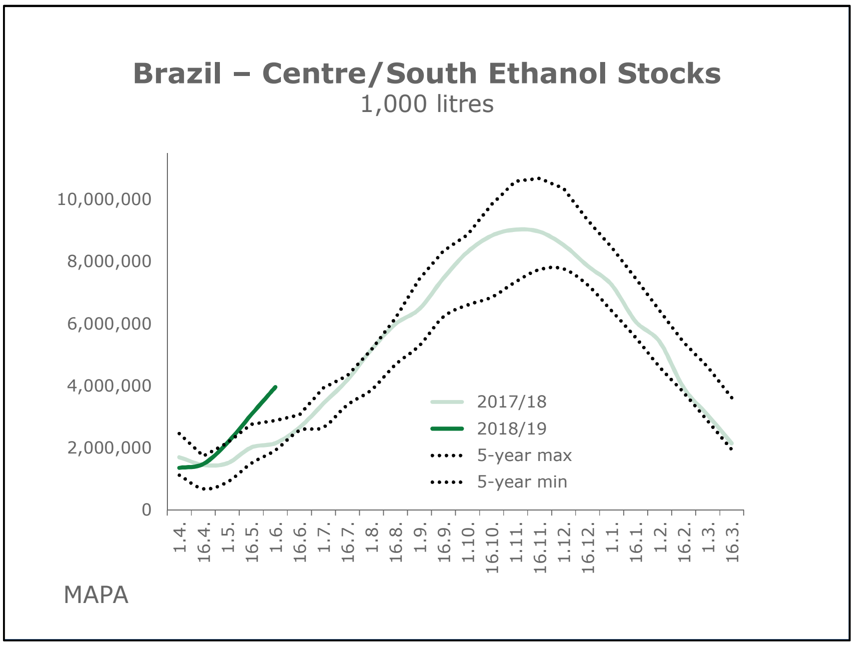
Inventories reached no more than 48 mln litres at the beginning of June down from 99 mln 12 months earlier and 88 mln at the beginning of May. The growing tightness may result in a renewed inflow of ethanol from the US despite the 20% import tariff.

In contrast, a strong pace of production and large carry-over stocks from the 2017/18 season have prompted ethanol stocks in the Centre/South to rise to record levels by early June, official data show.

As of June 1, 2018, there were almost 4.0 bln litres in stock in the CS, up from 2.2 bln last year. The increase in stocks over the last four weeks was 1.8 bln litres against 0.7 bln last year.

In the meantime, supplies of hydrous ethanol continue to ease. The share of this product in overall stocks reached over 62%, which is quite normal for this time of the year.

ISSN: 1759-1414



US Market Comment

Ethanol future prices in Chicago remained weak throughout most of the week as the China-US trade dispute is negatively affecting sentiment on most markets for agricultural commodities.

In the end the spot month July contract managed to close marginally higher at USD1.425 a gallon against USD1.418 a week earlier.

On the spot market in the Gulf Coast area prices were assessed at around USD1.47-1.48 a gallon, down from 1.47-1.49 a week ago.

United States - Fuel ethanol production in the week to June 22, 2018 averaged 1.072 mln barrels per day (bpd), said the Energy Information Administration (EIA), up 8,000 on the week and above 1.015 mln one year earlier. This was the highest level since late December.

Imports were nil for the 29th consecutive week.

Refiner and blender net input rose on the week to 947,000 bpd from 935,000 but remained down on the year (961,000). Based on the amount of motor gasoline supplied, the average blending ratio was 9.7% vol., down from 10.0% in the prior week and 10.1% last year.

Stocks settled up slightly on the week (21.7 mln barrels above 21.6 mln).

ISSN: 1759-1414

F.O. LICHT'S

Editorial
Am Mühlengraben 22
23909 Ratzeburg
Germany

Editor: Dr. Christoph Berg
Claus Keller

Phone: +49 (0)4541 8892-0
Fax: +49 (0)4541 82145
E-mail: info@fo-licht.com

Data Protection Officer
Claire Bullen
E-mail: BIDPO@informa.com

General Enquiries
E-mail: Subscriptions@informa.com
Tel: +44 (0)20 7017 5540 or
(US) Toll Free: +1 800 997 3892

Online Access
E-mail: OnlineAccess@informa.com
Tel: +44 (0)20 7017 4161

Subscriptions
Christchurch Court
10-15 Newgate Street
London EC1A 7AZ, UK

Phone: +44 (0)20 7017 7583
Fax: +44 (0)20 7017 6985
E-mail: marketing@agra-net.com

Marketing: Sharon Tzuang

F.O. Licht® Online www.agra-net.com

ISSN 1759-1414

World Ethanol Price Report is published by F.O. Licht, a division of Informa Agra Ltd., Christchurch Court, 10-15 Newgate Street, London, EC1A 7AZ, UK

an **informa** business