F.O. LICHTS

World Ethanol Price Report

Vol. 14, No. 6 July 9, 2018

World - Ethanol prices for the week ended 6 July, 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 (7 July, 2017)	55-57	55-57
North	Current	48-49	no quote
	12 months ago (7 July, 2017)	55-56	no quote
East	Current	48-50	48-50
	12 months ago (7 July, 2017)	55-57	56-57
		T1	T2
NW European ports fob	Current	USD 45.5-46.5	47-47.5
	12 months ago (7 July, 2017)	USD 47-48	57.5-58.5

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	Current	58-60 (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 (7 July, 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) 54-55 (REN) 57-59 (B)	63-66 (I)	58-60 (I) 54-55 (REN) 57-59 (B)	63-66 (I)
	12 months ago (7 July, 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 (7 July, 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 (7 July, 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 (7 July, 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 (7 July, 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	415-425	465-475	425-435	
	Chicago	New York		
USA, Spot	386-388	412-417		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	720-740		670-680	620-630

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

European Market Comments

Most **non-fuel** contracts for Q3 have now been concluded and the trends that were discussed in the last couple of reports were confirmed. Higher grade ethanols were largely rolled over while 96° and REN qualities saw some losses.

On the importing side the last ship from Central America from the 2017/18 season is currently loaded at Puerto Quetzal carrying product (fuel and non-fuel) from both Nicaragua and Guatemala (see below). At the same time a number of smaller vessels continue to arrive in the Mediterranean from Pakistan with some in the market questioning the economics of these transactions given the low level of prices in the EU.

In other news, the continuing shortage of truck drivers is impacting the market. A West European producer reportedly increased the lead time for deliveries from 48 to 72 hours.

Fuel alcohol remained largely stable in the period under review. July gave up up to EUR5 to EUR465-470 per m^3 while August and September remained in the EUR470-475 range.

World Ethanol - Port Statistics (tonnes) - week beginning July 9, 2018

Country	Port	Ship Name	Status	L	D	Origin	Sailing on	Sailing to	ETA
Brazil	Aratu	MTM Amsterdam	E		7,004	USA			
	Aratu	Bunga Angelica	E		4,000	USA			
	Itaqui	JBU Opal	E		8,668	USA			
	Itaqui	Bride Trader	E		6,000	USA			
	Maceio	Bunga Angelica	E		10,000	USA			10/07/2018
	Paranagua	Marie C	B	21,000				USA	
	Salvador	MTM Amsterdam	E		7,000	USA			09/07/2018
	Santos	MTM New Orleans	E	19,600					
	Santos	Cielo di Salerno	E	31,560					
	Santos	Shamrock Mercury	S	2,570					
	Suape	Bunga Angelica	E	11,050		USA			
Costa Rica	Punta Morales	MTM Santos	S	15,500			08/06/2018	China	10/07/2018
Guatemala	Quetzal	TRF Kashima	S	16,600			06/07/2018	ARA	
	Quetzal	Fairchem Steed	S	14,400			13/06/2018	Korea	09/07/2018
Pakistan	Karachi	Jeil Crystal	B	3,600					
	Karachi	Octaden	S	9,900			23/06/2018	Med	
	Karachi	Taihua Glory	S	3,060			14/06/2018	China	01/07/2018
	Karachi	Houyoshi Park	S	6,820			11/06/2018	Spain	08/07/2018
	Karachi	Chemway Arrow	S	10,700			31/05/2018	Korea	03/07/2018
	Karachi	Normanna	S	4,700			29/05/2018	Italy	04/07/2018
	Karachi	Stolt Calluna	S	4,000			24/05/2018	ARA	05/07/2018
Germany	Rostock	Aland	S	4,000			05/07/2018	Sweden	07/07/2018
Sweden	Norrköping	Triple A	S	4,500			02/07/2018	ARA	08/07/2018

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

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Europe - Non-fuel Ethanol Prices, Central Region, dlvd.

Year	Month	Beverage Alcohol EUR/m³	Beverage Alcohol $/m³	REN EUR/m³	REN $/m³	Industrial Alcohol 99° EUR/m³	Industrial Alcohol 99° $/m³	REN-beverage spread (EUR/m³)
2017	1	607	643	543	576	630	668	-64
	2	610	647	559	593	633	671	-51
	3	615	658	590	631	650	696	-25
	4	615	658	590	631	650	696	-25
	5	615	683	590	655	650	722	-25
	6	615	689	590	661	650	728	-25
	7	615	707	590	679	650	748	-25
	8	624	736	587	693	650	767	-37
	9	630	750	585	696	650	774	-45
	10	630	743	563	664	650	767	-67
	11	630	737	550	644	650	761	-80
	12	623	735	546	644	650	767	-77
2018	1	615	750	545	665	650	793	-70
	2	615	763	545	676	650	806	-70
	3	608	748	545	670	654	804	-63
	4	605	744	540	664	645	793	-65
	5	605	714	540	637	645	761	-65
	6	590	690	540	632	645	755	-50

Brazilian Market Comments

The market traded lower in the latest week amid plentiful supplies. Ethanol is now trading at parity to sugar again for the first time since early 2018. Should ethanol prices fall further millers may re-think their current production mix which is focussing on ethanol.

Hydrous ethanol was offered at BRL1,820-1,850 per cubic metre (exw; taxes included), down BRL40-50 on the week. Offers for anhydrous grades fell to BRL1,780-1,800, a loss of BRL100.

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 has virtually come to an end.

Inventories reached no more than 32 mln litres by mid-June at the beginning of June down from 69 mln 12 months earlier and 57 mln in mid-May. The growing tightness may result in a renewed in-flow 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 inventories in the Centre/South to rise to record levels by mid-June, official data show.

As of June 15, 2018, there were more than 4.6 bln litres in stock in the CS, up from 2.7 bln last year. The increase in stocks over the last four weeks was 1.6 bln litres against 0.6 bln last year.

Supplies of hydrous ethanol in the C/S are plentiful, the data suggest. The share of this product in overall stocks reached over 64%, a level which was last recorded in 2013 at this time of the year.

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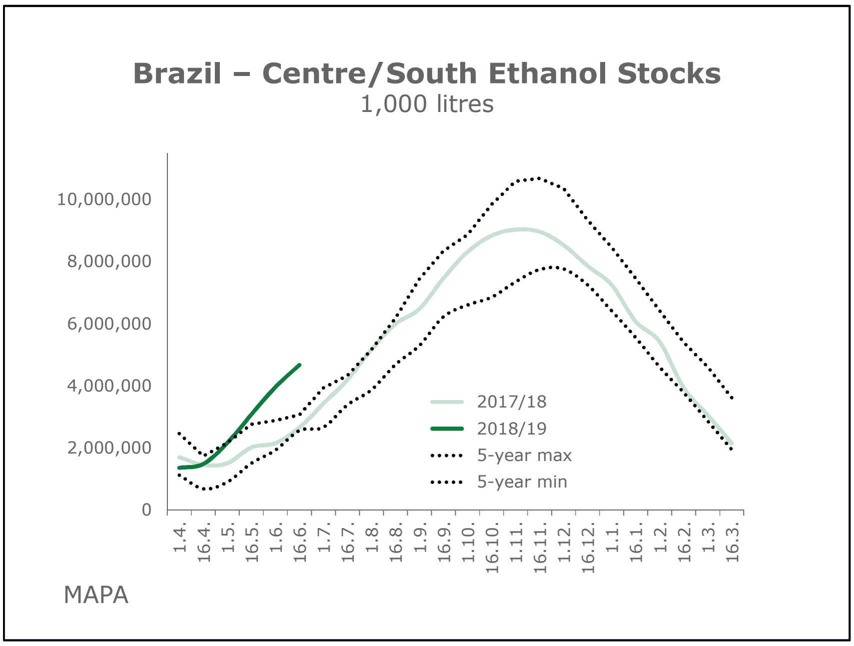
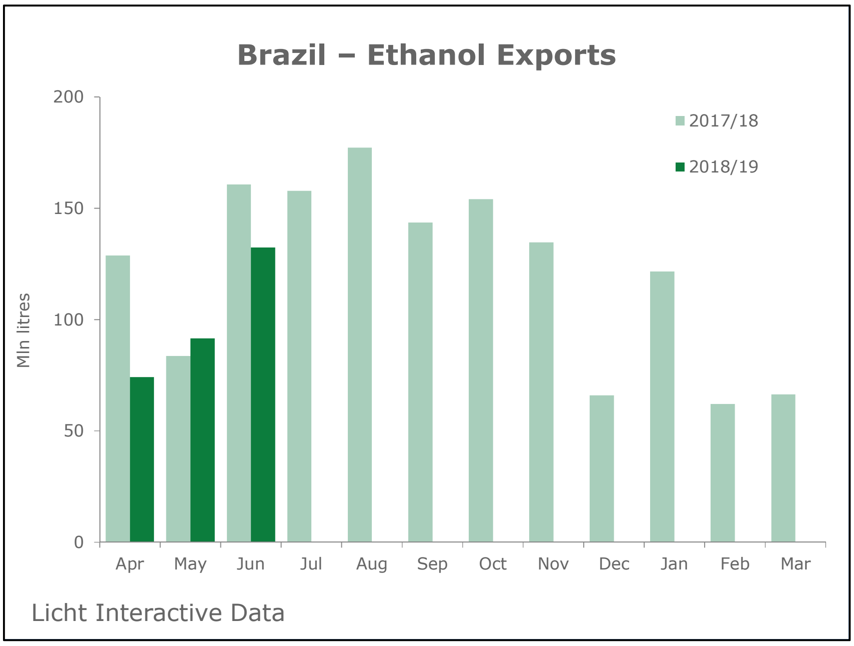


Brazil - Ethanol exports in June reached 131.9 mln litres, up from 91.6 mln in May but down on the 160.7 mln recorded in the same month a year ago, preliminary trade figures show.

This brought cumulative exports in the first quarter of 2018/19 (Apr/Mar) to 298.3 mln litres compared with 373.4 mln in the same period a year ago.

Total exports in 2017/18 were 1.456 bln litres against 1.374 bln in 2016/17.

Rising domestic demand and a lower cane crop are forecast to contribute to a poorer export performance this season.



US Market Comments

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. At the

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end of the week strong underlying support in the corn complex triggered late buying in ethanol as well and this lifted prices. In the end the spot month July contract ended at USD1.439 a gallon against USD1.4258 a week earlier.

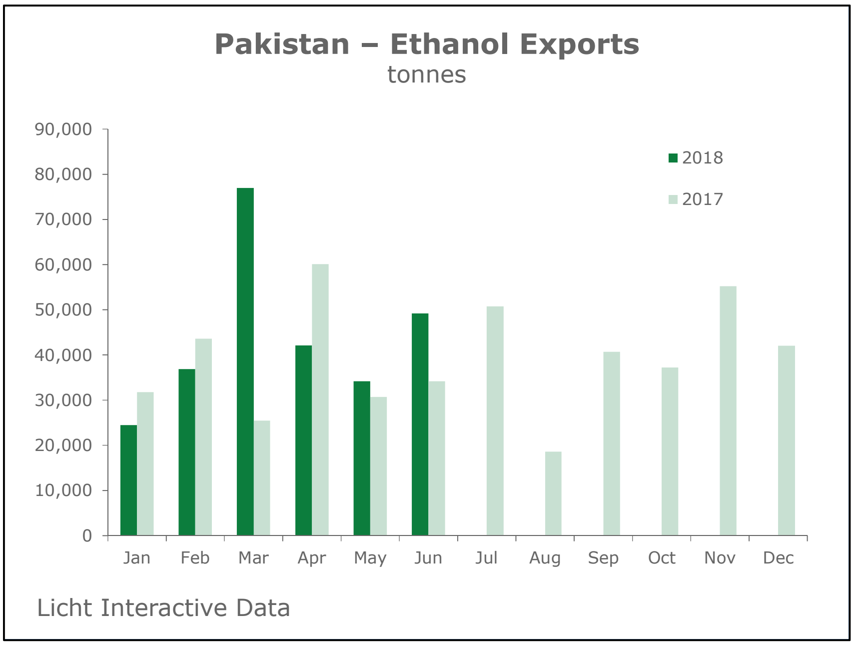
Pakistan - Ethanol exports in June 2018 were higher on the month and on the year.

During the month, six ethanol tankers left the port of Karachi: The Chemway Arrow (10,700 tonnes), the Bw Mia (17,500), the Houyoshi Park (6,820), the Everrich 1 (1,200), the Taihua Glory (3,060) and the Octaden (9,900).

The overall volume was 49,180 tonnes, against 34,200 in May and 34,160 in June 2017.

Cumulative exports so far in 2018 have reached 263,850 tonnes against 225,840 in the same period a year ago.

With the exception of the Houyoshi Park and the Octaden (both Med/ARA), all of the product remained in the region, with the Philippines, China and South Korea being nominated destinations.



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