F.O. LICHTS

World Ethanol Price Report

Vol. 13, No. 37 February 26, 2018

World - Ethanol prices for the week ended 23 February, 2018

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

Fuel		Contract	Spot
Central	Current	**46-48**	**46-48**
	12 months ago (24 February, 2017)	59-60	62-64
North	Current	**47-48**	**no quote**
	12 months ago (24 February, 2017)	57-59	no quote
East	Current	**49-51**	**49-51**
	12 months ago (24 February, 2017)	58-59	59-61
		T1	T2
NW European ports fob	Current	**USD 46-47.5**	**46.5-47.5**
	12 months ago (24 February, 2017)	USD 47-49	65-66

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	Current	**61-62 (I)** **54-56 (REN)** **61-63 (B)**	**66-67 (I)**	**60-61 (I)** **54-55 (REN)** **60-63 (B)**	**66-67 (I)**
	12 months ago (24 February, 2017)	60-62 (I) 53-55 (REN) 60-62 (B)	64-65 (I)	61-63 (I) 53-55 (REN) 61-63 (B)	64-65 (I)
Central	Current	**60-62 (I)** **54-56 (REN)** **60-63 (B)**	**64-66 (I)**	**60-62 (I)** **54-55 (REN)** **60-63 (B)**	**64-66 (I)**
	12 months ago (24 February, 2017)	59-61 (I) 55-57 (REN) 59-61 (B)	62-64 (I)	60-62 (I) 55-57 (REN) 60-62 (B)	62-64 (I)
South	Current	**61-63 (I)** **61-63 (B)**	**68-70 (I)**	**61-62 (I)** **61-63 (B)**	**68-70 (I)**
	12 months ago (24 February, 2017)	61-63 (I) 60-61 (B)	68-70 (I)	61-63 (I) 60-62 (B)	68-70 (I)
North	Current	**60-62 (I)**	**65-67 (I)**	**no quote (I)**	**no quote (I)**
	12 months ago (24 February, 2017)	59-62 (I)	65-67 (I)	no quote (I)	no quote (I)
East	Current	**61-64 (I)** **61-65 (B)** **no quote (P)**	**64-65 (I)**	**61-64 (I)** **62-66 (B)** **no quote (P)**	**64-65 (I)**
	12 months ago (24 February, 2017)	60-63 (I) 58-62 (B) no quote (P)	64-66 (I)	60-63 (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 (24 February, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) no quote (REN) 55-56 (surfin)	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	**550-615**	**570-650**	**535-625**	
	Chicago	New York		
USA, Spot	**386-388**	**409-412**		
	Anhydrous		ENA	Industrial
Pakistan, fob Karachi (USD/tonne)	**785-795**		**715-725**	**680-690**

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

European Market Comments

Prices in the **traditional** market were unchanged amid slow dealings. There continues to be mild downward pressure on prices for technical grades. Importers experience increased competition from domestic producers in coastal areas which can be taken as a sign that supplies are easing.

Import business is likely to pick up in the weeks ahead as the sugarcane harvest in Central and South America is now approaching the peak months. Traders expect that some additional industrial alcohol from Peruvian distillers could find its way to Europe. Their traditional customers in Colombia are increasingly turning to cheaper product imported from the US. Sales from Peru to Colombia had dropped to 14 mln litres in 2017 from 24 mln in 2015.

Fuel ethanol prices moved higher in the deferred months in the latest week as support proved to be solid at around EUR460 per m^3. February deliveries were assessed at EUR460-465, unchanged on the week. March gained up to EUR5 to EUR470-475, and April was put at EUR475-480, also up EUR5.

Freight sources told F.O. Licht that there was shipping interest for roughly 12 mln litres of ethanol from ARA to the Thames (United Kingdom) for mid-February as well as for around 3.5 mln from ARA to Immingham (UK) and for 6-7 mln from Tees (UK) or ARA to Tarragona in Spain, both for late February.

World Ethanol - Port Statistics (tonnes) - week beginning February 26, 2018

Country	Port	Ship Name	Status	Load.	Unload.	Origin	Sailing on	Sailing to	ETA
USA	Gulf Coast	Sichem Falcon	S	20,000			17/02/2018	Brazil	01/03/2018
	Gulf Coast	SC Taurus	E	20,000				WC India	
Brazil	Aratu	Stolt Vision**	S	5,000			06/02/2018	US Gulf	21/02/2018
	Aratu	Bow Cedar**	S	5,000			20/02/2018	USA	05/03/2018
	Aratu	Navig8 Aquamarine	E		5,600	USA			27/02/2018
	Itaqui	Condor Trader	E		4,800	USA			
	Itaqui	Sichem Falcon*	E		20,000	USA			01/03/2018
	Itaqui	Navig8 Ammolite	E		2,000	USA			04/03/2018
	Itaqui	Halcon Trader	E		4,000				11/03/2018
	Itaqui	MTM Tortola*	E		15,794	USA			
	Paranagua	Bow Tribute	E		3,013				
	Paranagua	Southern Quokka	E		6,000				
	Santos	MTM Rotterdam	S	14,520			20/02/2018	Singapore	22/03/2018
	Santos	Gulf Mist	E		15,764	USA			
	Santos	Navig8 Aquamarine	E		17,306	USA			02/03/2018
	Santos	Chemroute Sky	A		23,744	USA			23/02/2018
	Suape	Gulf Mist	B		11,180	USA			
	Suape	Navig8 Ammolite	E		9,000	USA			
	Suape	Condor Trader	E		4,000	USA			07/03/2018
Guatemala	Quetzal	Chemstar Stellar	S	7,000			14/02/2018		
	Quetzal/Peru	Navig8 Sirius	E	16,000					28/02/2018
	Quetzal	Fairchem Filly	B	10,650				South Korea	26/02/2018
	Quetzal	MTM Hamburg	E	11,285				South Korea	06/03/2018
	Quetzal	Sea Ploeg	E	6,000				Puerto Rico	09/03/2018
	Quetzal	Celsius Birdie	E	15,000					09/03/2018
	Quetzal	Jo Spirit	E	4,000				Puerto Rico	31/03/2018
Pakistan	Karachi	Stolt Sycamore	S	4,500			21/02/2018		
	Karachi	Mid Nature	S	10,000			07/02/2018	China	24/02/2018
	Karachi	BW Gallium	S	13,000			05/02/2018	China	19/02/2018
	Karachi	Oriental Jasmin	S	2,500			13/02/2018	KSA	21/02/2018
Europe	Dunkirk	Songa Winds	E		4,000	USA			28/02/2018
	Norrköping	Mainland	E	5,000			18/02/2018	Germany	20/02/2018
	Rostock	Besiktas Galata	S	3,000			18/02/2018	Sweden	21/02/2018

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

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European Market Fundamentals

European Union - The European Commission started an expiry review of its anti-dumping (AD) measures applicable to imports of bioethanol originating in the United States, a note in the Official Journal (OJ) from February 20, 2018 said.

The move follows a request lodged on November 8, 2017 by the European Renewable Ethanol Association (ePURE).

The measures currently in force are a definitive AD duty imposed by Council Implementing Regulation (EU) No 157/2013. ePURE's request was based on the grounds that the expiry of the measures would be likely to result in the recurrence of dumping and recurrence of injury to the EU ethanol sector, the OJ said.

The investigation will be concluded within 15 months of the date of the publication of this notice in the OJ. On the European side a fuel ethanol companies from France, Germany, Austria and Hungary were requested to provide information. Which US companies will be asked to participate in the investigation has not been decided yet.

Regulation 157/2013, published in the OJ on February 18, 2013, introduced a 9.5% AD duty rate on US imports, valid for five years.

Germany - Ethanol production fell to 77.6 mln litres in December 2017 from 117.6 mln in the same month a year ago, data by government agency Bundesmonopolverwaltung für Branntwein (BfB) show.

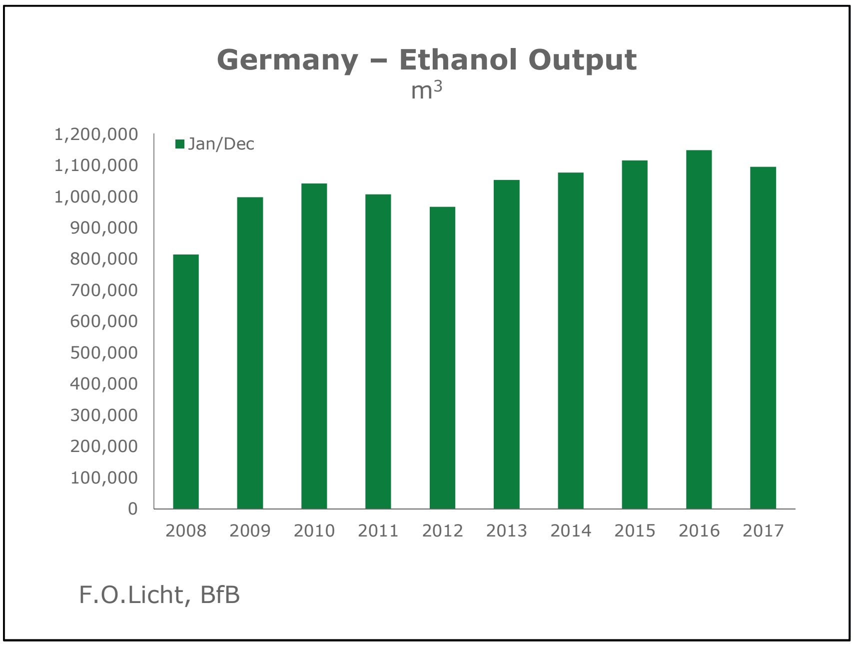
This was because of the poor performance by fermentation plants. Grain distillers produced only 48.5 mln litres during the latest month against 76.5 mln one year while output of those using sugar feedstock fell to 15.4 mln from 25.0 mln.

This brought total production in 2017 to 1.095 bln litres against 1.153 bln in 2016 and 1.117 bln in 2015.

In 2017, grain alcohol advanced with a share of 69% against 68% one year earlier. Ethanol from sugary feedstock fell back to 17% from 22%, while synthetic feedstock rose to 15% (11%).

BfB does not record ethanol production by rectification plants or by manufacturers of non-alcoholic beer. While the latter contribute about 15 mln litres of pure alcohol a year the former can produce up to 100 mln.

BfB will no longer compile statistics on ethanol in 2018 after a change in the Alcohol Tax Law.



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Brazilian Market Fundamentals

The market ended mixed in the latest week with good demand bolstering prices for hydrous grades while the steady flow of imports stabilised the market for anhydrous material.

Hydrous ethanol was offered at BRL2,300-2,320 per cubic metre (exw; taxes included), up BRL40-50 on the week. Offers for anhydrous grades were unchanged at BRL2,080-2,120.

Brazil - The National Agency for Petroleum, Natural Gas and Biofuels (ANP) is extending its stock-holding rules to importers. The step had been high on the agenda of local producers and distributors who have been asking for level playing field in the anhydrous ethanol market.

At the same time ANP reduced the stock-holding requirement for the cut-off date of March 31 to 4% of the volumes sold for producers under the 'supply contract' scheme and 25% under the 'direct purchase' scheme.

Under the supply contract regime, distributors must present by April 1 of each year contracts equivalent to 90% of their gasoline C trade volume in the previous season. If the fuel distributor has contracts equivalent to 70-90%, the deadline to meet the minimum percentage of 90% is deferred to June 1. If the difference has not been met by then, the distributor is transferred to the direct purchase regime.

Distributors operating under the direct purchase regime have to prove every month they have sufficient anhydrous fuel ethanol stocks. The benchmarks are the gasoline C sales of the preceding month. Fuel distributors not meeting this requirement are prevented from purchasing gasoline in the current month.

US Market Comments

Futures prices for ethanol in Chicago traded somewhat lower amid uncertainty over future demand. The front-month February contract settled at $1.471 per gallon, up from $1.484 last week.

In **spot** market, prompt deliveries at the Argo terminal in the **Chicago** area traded at $1.47 per gallon, down 1 cent on the week. Prompt delivered ethanol by barge in the New York Harbour ended flat at $1.58.

Asian Market Comments

The markets are coming back to life only slowly after the Chinese New Year festivals. The main talking point is the tight supplies of export grade ethanol from the US following good overseas demand and a lack of railcars to transport product from the Midwest to the Gulf Coast. As a result, the premium for this product has risen from 5 cents to 15-20 cents per gallon.

The higher prices in the US have also pulled up quotations for product delivered to the Philippines which is now in the mid-$500 per m^3.

The non-fuel market continues to be quiet as consumers digest the higher prices that are currently asked for by Pakistani suppliers. Buyers are very aggressive to book for Q3 now as cargoes are not available before June.

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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

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

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