F.O. LICHTS

# World Ethanol Price Report

Vol. 13, No. 38 March 5, 2018

## World - Ethanol prices for the week ended 2 March, 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 (3 March, 2017) | 59-60 | 62-63 |
| North | Current | **47-48** | **no quote** |
| | 12 months ago (3 March, 2017) | 57-59 | no quote |
| East | Current | **49-51** | **49-51** |
| | 12 months ago (3 March, 2017) | 58-59 | 59-61 |
| | | **T1** | **T2** |
| NW European ports fob | Current | **USD 46-47.5** | **46-46.5** |
| | 12 months ago (3 March, 2017) | USD 45.5-48 | 64-65 |

| Non-Fuel | | Contract 96° | Contract 99° | Spot 96° | Spot 99° |
|---|---|---|---|---|---|
| West | Current | **61-62 (I)**<br>**54-56 (REN)**<br>**61-63 (B)** | **66-67 (I)** | **60-61 (I)**<br>**54-55 (REN)**<br>**60-63 (B)** | **66-67 (I)** |
| | 12 months ago (3 March, 2017) | 60-62 (I)<br>53-55 (REN)<br>60-62 (B) | 64-65 (I) | 61-63 (I)<br>55-57 (REN)<br>61-63 (B) | 66-67 (I) |
| Central | Current | **60-62 (I)**<br>**54-56 (REN)**<br>**60-63 (B)** | **64-66 (I)** | **60-62 (I)**<br>**54-55 (REN)**<br>**60-63 (B)** | **64-66 (I)** |
| | 12 months ago (3 March, 2017) | 59-61 (I)<br>55-57 (REN)<br>59-61 (B) | 62-64 (I) | 60-62 (I)<br>56-58 (REN)<br>60-62 (B) | 63-65 (I) |
| South | Current | **61-63 (I)**<br>**61-63 (B)** | **68-70 (I)** | **61-62 (I)**<br>**61-63 (B)** | **68-70 (I)** |
| | 12 months ago (3 March, 2017) | 61-63 (I)<br>60-61 (B) | 68-70 (I) | 61-63 (I)<br>60-62 (B) | 68-70 (I) |
| North | Current | **60-62 (I)** | **65-67 (I)** | **no quote (I)** | **no quote (I)** |
| | 12 months ago (3 March, 2017) | 59-62 (I) | 65-67 (I) | no quote (I) | no quote (I) |
| East | Current | **61-64 (I)**<br>**61-65 (B)**<br>**no quote (P)** | **64-65 (I)** | **61-64 (I)**<br>**62-66 (B)**<br>**no quote (P)** | **64-65 (I)** |
| | 12 months ago (3 March, 2017) | 60-63 (I)<br>58-62 (B)<br>no quote (P) | 64-66 (I) | 60-63 (I)<br>59-62 (B)<br>no quote (P) | 64-66 (I) |
| | | **T1** | | **T2** | |
| NW European ports fob | Current | **no quote (99)**<br>**no quote (REN)**<br>**no quote (surfin)** | | **no quote (99)**<br>**51-53 (REN)**<br>**56-57.5 (surfin)** | |
| | 12 months ago (3 March, 2017) | no quote (99)<br>no quote (REN)<br>no quote (surfin) | | no quote (99)<br>no quote (REN)<br>55-56 (surfin) | |

| Non-European markets (USD/m3) | Fuel | | Non-fuel | |
|---|---|---|---|---|
| | **Hydrous (EPA)** | **Anhydrous (EPA)** | **Grade B** | |
| Brazil, fob Santos | **550-620** | **570-650** | **535-635** | |
| | **Chicago** | **New York** | | |
| USA, Spot | **383-388** | **407-412** | | |
| | **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** remained in the familiar ranges as players prepare for the start of Q2 negotiations. While producers are likely to aim for a roll-over, some consumers are betting on lower prices, particularly for lower quality industrial grades.

Grain distillers saw margins squeezed by upward pressure on Paris milling wheat prices. Support for cereal values came from the recent cold spell with double-digit frosts in Germany, where part of the crop is not covered with snow, the weaker euro, higher offers ex Black Sea and concern over dry conditions in the US Plains. On the other side, the cold snap, nicknamed "the Beast from the East", may help diminish the threat from pests and diseases, and there should be no serious threat in snow-covered regions.

**Fuel** ethanol prices moved lower in the latest week amid ample supplies while support continues to prove solid at around EUR460 per $m^3$. March lost up to EUR15 to EUR460-465, while April was put at EUR470-475, down EUR5. May is assessed at EUR475-480.

**Freight** sources told F.O. Licht that there were inquiries for up to 7.5 mln litres of ethanol from Tees (United Kingdom) to ARA, for 6 mln from ARA or Lillebonne (France) to Tarragona or Barcelona (both Spain), and for up to 7.5 mln from Le Havre (France) to the Thames (UK), all for early March. Moreover, there was shipping interest for 2,000 tonnes from ARA to Norway and the same amount from Fos (France) to Taranto (Italy), both for late February.

**World Ethanol - Port Statistics (tonnes) - week beginning March 05, 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 | Bow Cedar** | S | 5,000 | | | 20/02/2018 | USA | 05/03/2018 |
| | Itaqui | Sichem Falcon* | B | | 20,000 | USA | | | 01/03/2018 |
| | Itaqui | Navig8 Ammolite | A | | 2,000 | USA | | | 04/03/2018 |
| | Itaqui | MTM Tortola* | A | | 15,794 | USA | | | |
| | Itaqui | Halcon Trader | E | | 4,000 | | | | 11/03/2018 |
| | Itaqui | Sichem Eagle | E | | 10,000 | USA | | | |
| | Paranagua | Bow Tribute | E | | 3,013 | | | | |
| | Paranagua | Marie C | E | 21,000 | | | | | 12/03/2018 |
| | 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 | | | |
| | Suape | Navig8 Ammolite | E | | 9,000 | USA | | | |
| | Suape | Sichem Falcon | E | | 6,000 | USA | | | |
| | Suape | MTM Tortola | E | | 8,000 | USA | | | |
| | Suape | Navig8 Ammolite | E | | 9,000 | USA | | | |
| **Guatemala** | Quetzal | Chemstar Stellar | S | 7,000 | | | 14/02/2018 | Europe | |
| | Quetzal | Fairchem Filly | S | 10,650 | | | | South Korea | |
| | Quetzal/Peru | Navig8 Sirius | A | 16,000 | | | | | 05/03/2018 |
| | Quetzal | MTM Hamburg | E | 11,285 | | | | South Korea | 07/03/2018 |
| | Quetzal | Sea Ploeg | E | 6,000 | | | | Puerto Rico | 10/03/2018 |
| | Quetzal | Celsius Birdie | E | 15,000 | | | | | 11/03/2018 |
| | Quetzal | Jo Spirit | E | 4,000 | | | | Puerto Rico | 31/03/2018 |
| **Pakistan** | Karachi | Stolt Sycamore | S | 4,500 | | | 21/02/2018 | Antwerp | 12/03/2018 |
| | Karachi | MTM Hong Kong | B | 20,000 | | | | | |
| **Europe** | Dunkirk | Chemstar Stellar | E | | 1,370 | Guatemala | | | 09/03/2018 |

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

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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 |
| 2016 | 9 | 480 | 608 | 428 | 542 | 461 | 584 | 517 | 655 | -33 |
| | 10 | 500 | 634 | 454 | 575 | 476 | 603 | 524 | 664 | -22 |
| | 11 | 493 | 625 | 455 | 577 | 464 | 588 | 502 | 637 | -9 |
| | 12 | 509 | 645 | 483 | 612 | 522 | 662 | 550 | 698 | -39 |
| 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 |

## Brazilian Market Comments

The market ended unchanged 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.

## US Market Comments

**Futures** prices for ethanol in Chicago continued to drift lower amid falling corn prices and lack of buyer support. The front-month February contract settled at USD1.458 per gallon, down from USD1.471 last week.

On the **spot** market, prompt deliveries at the Argo terminal in the Chicago area traded flat at around USD1.46-1.47. Prompt delivered ethanol by barge in the New York Harbour declined to USD1.55-1.56 from USD1.58.

**United States - Fuel ethanol production** in the week to February 23, 2018 averaged 1.044 mln barrels per day (bpd), said the Energy Information Administration (EIA), against 1.068 mln in the prior week and 1.034 mln last year.

**Imports** remained at nil for the 12th consecutive week.

**Refiner and blender net input** averaged 876,000 bpd, a three-week low, against 885,000 in the prior week and 882,000 one year earlier. Based on the amount of motor gasoline supplied, the average blending ratio was 9.89% vol. against 9.83% in the prior week and 10.14% last year.

**Stocks** rose on the week to a three-week high of 23.0 mln barrels from 22.8 mln. A decline on the East Coast (7.7 mln barrels vs 7.9 mln) was offset by higher inventory levels in the Midwest (8.5 mln vs 8.3 mln).


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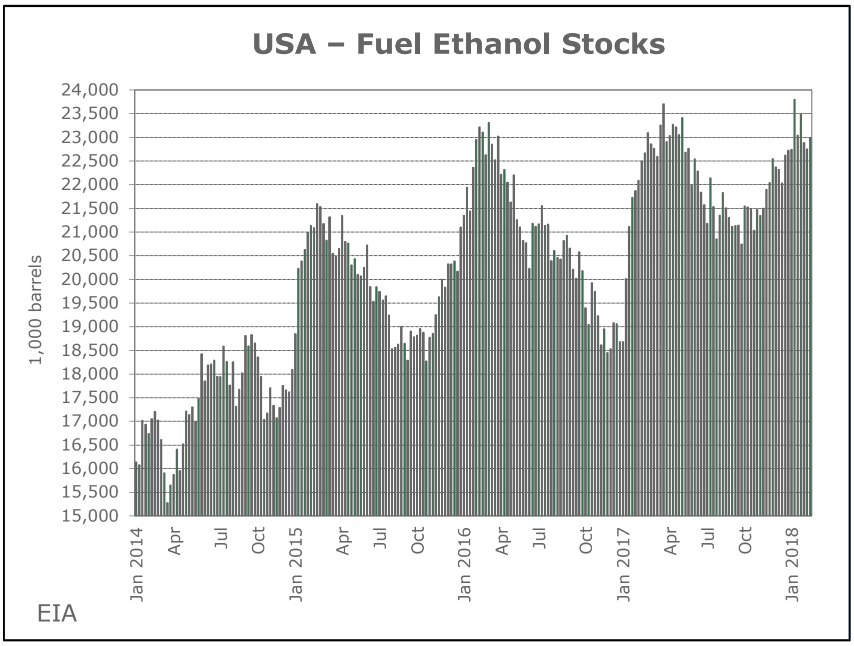


**Philippines -** The Sugar Regulatory Administration fixed the Local Market Allocation for fuel ethanol in Q2 at 73.650 mln litres, industry sources reported. This would bring the H1 total to around 149.440 mln litres.

This would be down on the 152.735 allocated during the same period last year.

Total allocations in 2017 were about 300 mln litres against 282 mln in 2016.

**China - Ethanol imports** in January 2018 amounted to around 120.7 mln litres, the highest for 13 months, compared with marginal volumes in December and 2.4 mln one year earlier.

The January total included 91.3 mln litres from the US and 29.4 mln from Pakistan.

Changes in import taxation prompted a sharp decline in Jan/Dec 2017 imports (25.0 mln litres vs. 890.1 mln). Shipments from the US fell to marginal volumes from around 853.3 mln litres. However, rising prices on the domestic market prompted the arbitrage with the US to open again. In contrast to the US, Pakistan continues to enjoy preferential access to the Chinese market.

**Exports** in January remained comparably weak and hit a 14-month low of 2.9 mln litres, almost all of which going to North Korea. This compares with 3.8 mln litres in December and 14.1 mln one year earlier.

Exports in 2017 jumped to 133.2 mln litres from 33.7 mln, due to rising shipments to Saudi Arabia (70.1 mln) and North Korea (36.8 mln).

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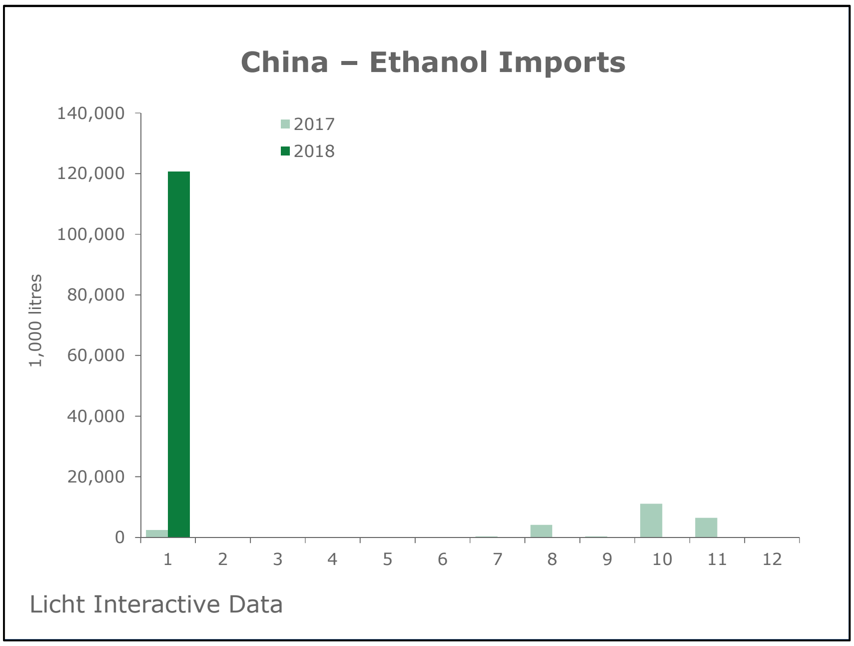



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